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Title:

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unemployment relief

Place:

Washington, D.C.

Date:

1933

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Federal aid for unemployment relief. Hearings
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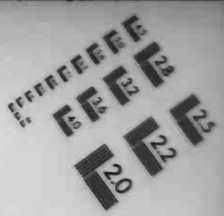
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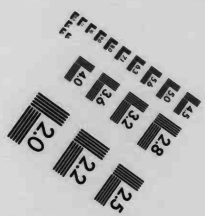
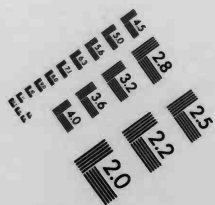
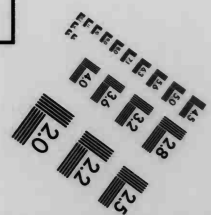
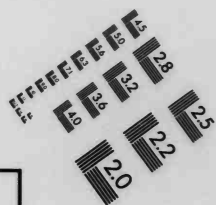
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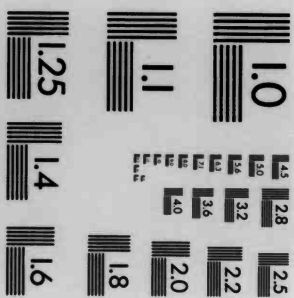
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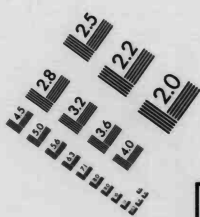
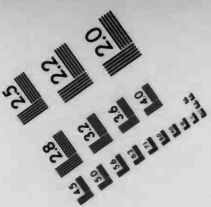
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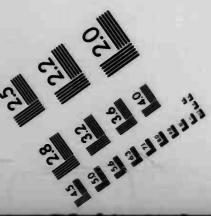
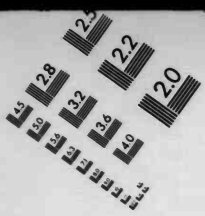
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U.S. Congress. Senate. Committee
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Federal aid for unemployment
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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON MANUFACTURES
UNITED STATES SENATE

SEVENTY-SECOND CONGRESS

SECOND SESSION

ON

S. 5125

A BILL TO PROVIDE FOR COOPERATION BY THE
FEDERAL GOVERNMENT WITH THE SEVERAL
STATES IN RELIEVING THE HARDSHIP
AND SUFFERING CAUSED BY UNEM-
PLOYMENT, AND FOR OTHER
PURPOSES

PART I

JANUARY 3 TO 17, 1933

Printed for the use of the Committee on Manufactures



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933

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Federal Aid for Unemployment Relief

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III

FEDERAL AID FOR UNEMPLOYMENT RELIEF

TUESDAY, JANUARY 3, 1933

UNITED STATES SENATE,
COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee met, pursuant to call of the chairman, at 10 o'clock a. m., in room 212, Senate Office Building.

Present: Senators Costigan (acting chairman) and Wheeler.

The committee had under consideration the bill (S. 5125) to provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes, which is here printed in full, as follows:

[S. 5125, Seventy-second Congress, second session]

A BILL To provide for cooperation by the Federal Government with the several States in relieving the hardship and suffering caused by unemployment, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That it is hereby declared to be the policy of the Congress to cooperate more effectively with the several States in furnishing relief to their needy and distressed people and in relieving the hardship resulting from unemployment.

SEC. 2. (a) There is hereby created a special fund in the Treasury to be known as the emergency relief fund and to be administered by the Federal Emergency Relief Board created by section 3. For the purpose of providing funds to carry out the provisions of this act the Secretary of the Treasury is authorized and directed to borrow from time to time on the credit of the United States, not to exceed \$500,000,000, and to issue bonds therefor, to be known as emergency relief bonds, in such form as he may prescribe. Such bonds shall be in denominations of not less than \$50, shall mature ten years from the date of their issue, and shall bear interest at such rate as may be fixed by the Secretary of the Treasury, but not to exceed 4 per centum per annum. The principal and interest of such bonds shall be payable in United States gold coin of the present standard of value, and such bonds shall be exempt, both as to principal and interest, from all taxation (except estate, gift, and inheritance taxes, and surtaxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority.

(b) Such bonds shall be first offered at not less than par, as a popular loan, under such regulations to be prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein. Any portion of the bonds so offered and not subscribed for may be otherwise disposed of by the Secretary of the Treasury at not less than par. No commissions shall be allowed or paid in connection with the sale or other disposition of any such bonds. All amounts derived from the sale of such bonds shall be paid into the emergency relief fund.

(c) All moneys in such fund are hereby authorized to be appropriated for expenditure in accordance with the provisions of this act by the Federal Emergency Relief Board created by section 3.

(d) After the date upon which a majority of the members of the board have qualified and have taken office, no application for funds shall be approved by the Reconstruction Finance Corporation under the provisions of Title I of the emergency relief and construction act of 1932.

SEC. 3. (a) There is hereby created a Federal Emergency Relief Board (hereinafter referred to as the board), which shall consist of four members to be appointed by the President, by and with the advice and consent of the Senate.

No more than two members of the board shall be of the same political party. The board shall have full power of allocation of funds under the provisions of this act, and shall exercise the functions provided for in this act. The President shall designate one of the members of the board as their chairman. The members of the board shall receive no compensation for their services as members, except that the members shall be paid a per diem compensation of \$25 for time devoted to the work of the board, and necessary traveling and subsistence expenses, within the limitations prescribed by law for civilian employees in the executive branch of the Government. The board shall cease to exist upon the expiration of two years after the date of the enactment of this act, and upon the termination of the board's existence all unexpended moneys held by it shall be covered into the Treasury as miscellaneous receipts.

(b) The board—

(1) Shall make such regulations as may be necessary to execute the functions vested in it by this act.

(2) Shall print monthly for public distribution and shall submit to the President and to the Senate and the House of Representatives (or the Secretary of the Senate and the Clerk of the House of Representatives, if those bodies are not in session) a report of its activities and expenditures, together with a statement showing the condition of the fund administered by it. Such reports shall, when submitted, be printed as public documents.

(c) The Chief of the Children's Bureau in the Department of Labor shall be the executive officer of the board and, with the approval of the board, may appoint and fix the compensation of such experts and, subject to the provisions of the civil service laws, appoint, and, in accordance with the classification act of 1923, as amended, fix the compensation of such other officers and employees as are necessary to carry out the provisions of this act; and may make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere and for printing and binding) as are necessary to carry out the provisions of this act.

(d) The board may appoint advisory committees to advise and confer with it with respect to the administration of this act. No salary shall be paid to committee members, but when attending meetings of the board they shall be allowed necessary traveling and subsistence expenses, or per diem allowance in lieu thereof, within the limitations prescribed by law for civilian employees in the executive branch of the Government.

SEC. 4. (a) Forty per centum of the amounts appropriated pursuant to this act shall be apportioned among the several States and the District of Columbia in the manner hereinafter provided, in the proportion which their population bears to the total population of the States of the United States and the District of Columbia according to the Fifteenth Decennial Census. Payments made in any year out of the amount of the appropriations apportioned to any State or to the District of Columbia on the basis of population shall not be in excess of two-thirds of the amounts appropriated or otherwise made available for such year by the State, by the civil subdivisions thereof, and/or by private contributions from within the State, to be expended for emergency relief as defined in section 11 of this act.

(b) The balance of the amounts appropriated under this act shall be available (1) for administrative expenses of the Federal agencies under this act, and (2) as a reserve fund for emergency allotments, as provided in section 9, to the States where the amounts apportioned on the basis of population are insufficient to meet the need.

(c) The amounts apportioned or allocated to any State under this act shall be available for payment to and expenditure by such State, for the purposes of this act, until the expiration of two years after the date of enactment of this act; except that at the expiration of the fiscal year 1933, if the amount certified prior to the expiration of such year for payment to any State out of amounts apportioned on the basis of population under this act in the manner hereinafter provided is less than one-half of the total amount apportioned to that State on the basis of population, the difference between the amount so certified and one-half of the total amount apportioned shall be added to the reserve fund and shall be available for allotment to the several States on the basis of need.

(d) So much, not to exceed \$350,000, of the appropriations set aside in the reserve fund, as the Chief of the Children's Bureau with the approval of the board shall estimate to be necessary for administering the provisions of this act, shall be deducted for that purpose, to remain available until expended.

(e) If the State agency designated or created in accordance with section 5 of this act, shall certify to the board that it is without the funds necessary to obtain

the information specified in section 6 of this act as a basis for State plans, the board may authorize immediate payment to such State of not to exceed \$5,000, and the amount of any such payment shall be deducted from the apportionment to such State on the basis of population.

SEC. 5. (a) In order to obtain payments out of the appropriations authorized in section 2 of this act a State, through its legislative authority, shall designate or create a State agency to cooperate with the board; except that if the legislature of any State is not in session and has not made provision to that end, the governor of such State may designate or create an agency to cooperate with the board. In any State having a State department of welfare or charities such department shall administer the provisions of this act, except that in any State in which, in accordance with the law of the State, there has been set up a special emergency organization for the administration of relief, such special State agency may be the administrative agency of the State under this act: *Provided*, That in any State where no state-wide board of charities exists, or no special emergency organization has been set up, the amount allotted to any such State shall be distributed by the action of the governor and the State board constituted for controlling the financial affairs of such State, if such board exists; and, if it does not exist, by the governor.

(b) Relief shall be administered within each State under rules and regulations adopted by the State authorities.

SEC. 6. Any State making application for funds under this act shall, by the agency designated or created to cooperate with the board, submit at such times and for such periods as may be prescribed by the board plans for carrying out the provisions of this act within such State. The plans shall include (1) information as to the amounts actually expended for relief by public and private agencies in the State for such periods as the board may prescribe; (2) estimates of the amounts appropriated or otherwise made available; (3) amounts necessary to meet the emergency relief needs in the State in the calendar year 1933, and, upon call of the board, in the calendar year 1934; (4) provision for adequate administrative personnel; and (5) provision for securing the benefits contemplated by this act to persons within the State, irrespective of the period of residence within the State. When such plans are in conformity with the provisions of this act and reasonably appropriate and adequate to carry out its purposes, they shall be approved by the board, and due notice of such approval shall be given to the State agency.

SEC. 7. Within ten days after an appropriation has been made under authority of this act, the Chief of the Children's Bureau as the executive officer of the board shall make the apportionment on the basis of population provided in this act, shall certify to the Secretary of the Treasury and to the treasurers of the several States the amount apportioned to each State on the basis of population, and shall certify to the Secretary of the Treasury the amount estimated to be necessary for administering the provisions of this act. Such estimate shall be subject to subsequent review and revision by the board.

SEC. 8. Within thirty days after an appropriation has been made under the authority of this act, and as often thereafter while such appropriation remains available as conditions may warrant, the board shall certify to the Secretary of the Treasury, as to each of the several States, (1) whether the State has designated or created an agency to cooperate with the board in compliance with the provisions of this act; (2) the amounts, if any, which have been made available by such State, including funds made available by civil subdivisions thereof and private contributions from within the State; (3) whether plans have been submitted and accepted pursuant to the provisions of this act; and (4) the amount of the payments, if any, to which the State is entitled under the provisions of this act. Such certificate unless revoked as provided in section 10 of this act shall be sufficient authority to the Secretary of the Treasury to make payments to the State in accordance therewith.

SEC. 9. (a) Whenever, from the statement furnished by the State agency and verified by the board, it appears that the combined moneys available from local and State funds within the State, supplemented by any moneys paid or to be paid to the State from the apportionment on the basis of population, will fall below the estimated needs for emergency relief in any State, the board shall consider the State eligible for allotment of the reserve funds to be allotted to the several States on the basis of need; but no such allocation shall be made to any State unless the board is satisfied that the State or its political subdivisions have made reasonable efforts within their resources to provide for emergency relief expenditures.

(b) The board is authorized, either in cooperation with the several States, through special grants or otherwise, or by such other means and agencies as it may determine, to make payments out of the reserve fund for the purpose of extending relief to migratory workers and their families, who are not obtaining relief under State plans.

SEC. 10. Each State agency cooperating with the board under the provisions of this act shall make such reports concerning its operations and expenditures as shall be prescribed or requested by the board. The board may revoke any existing certificate or withhold any further certificate provided for in section 8 whenever it shall determine, as to any State, that the State agency has not properly expended or supervised the expenditure of moneys paid to it in accordance with the plans approved under this act. Before any such certificate shall be revoked or withheld from any State the board shall give notice in writing to the State agency stating specifically wherein the State has failed to comply with such plans.

SEC. 11. The term "emergency relief," when used in this act with respect to State expenditures, means relief in the form of money or commodities furnished by the State or its civil subdivisions or by private contributions from within the State to persons in their abode or habitation, or in shelters for the transient and homeless, or in the form of wages or other compensation for work furnished on the basis of need, and made necessary by reason of the emergency growing out of unemployment, over and above the usual and ordinary expenditures for such relief, but not including old-age pensions under special acts, or public aid under special acts to mothers for the care of dependent children, or relief to veterans under special acts; and the term "relief," when used in this act with respect to the allocation of funds by the board, shall be construed to include the same purposes as those included in emergency relief, and expenditures for such purposes are hereby authorized. In either case the decision of the board as to the purpose of any expenditure shall be final.

SEC. 12. This act shall be construed as intending to secure to the several States control of the administration of this act within their respective territorial limits, subject only to the provisions and purposes of this act.

SEC. 13. The term "State" as used in this act shall include the District of Columbia; and in the case of the District of Columbia acceptance of the terms of this act by the Commissioners of the District of Columbia shall entitle the District of Columbia to share in the benefits hereof.

Senator COSTIGAN. The committee will come to order. In the absence of Senator La Follette, chairman of the committee, I shall preside by request at the hearing until the chairman arrives.

Perhaps it should be said that the hearing about to open is in effect a continuation of various hearings held by the Committee on Manufactures of the Senate during the past 12 months. The best qualified social welfare experts in America are again voluntarily appearing to advise Congress and the country on the nature and extent of relief needs in the United States.

The primary object of these hearings is to secure the enactment by Congress of legislation adequate for the time being to relieve the universal distress arising from the economic collapse of the past three years. It is to be hoped that public opinion may also be so informed that it may become more articulate in behalf of cooperation between the Federal Government and the States in relieving present human distress in every part of our land.

We are now in the midst of the fourth tragic winter, each severer than the one before, of our unprecedented depression. The figures of unemployment and destitution are at last known to all intelligent citizens. Approximately 12,000,000 in this country, who were formerly employed, are now totally idle. Another equally considerable number is receiving meager compensation for part-time work. On every hand one may sense the suffering of worthy men, women, and children. Cold, hunger, malnutrition, illness, and

ever-menacing starvation from day to day are disastrously shattering self-respect.

The most startling development of this nation-wide tragedy has been the demonstrated unwillingness of a large part of our national leadership, both industrial and political, to face the facts; to admit national responsibility, even where personal, local, and State contributions have failed; and to organize with typical American thoroughness to combat and conquer our recognized crisis. This has been no less true in the case of our estimated 2,000,000 of migratory idle, who are drifting ceaselessly from State to State in search of relief, and for whom local poor laws assume no responsibility.

Nothing but hang-over illusions concerning American prosperity and miracles in reserve appear to explain our unaccountable tardiness. The unwillingness heretofore to act and our disposition to proceed with penny-pinching compromises suggest the inefficiency of paralyzed energies. Meanwhile the tide of human misery is rising to dangerously higher levels. It no longer suffices to say that so-called direct relief merely affords a temporary solution. Even while we move to start industrial activities which will provide the means for making our people once more self-sustaining, our National Government can not do less than aid our fellow citizens in the critical emergency, which at this time, after three exhausting years, exhibits no moderating signs.

At the outset of the hearing a copy of the bill on which the hearings are being had (S. 5125) will be placed in the record.

The first witness will be Dr. Jacob Billikopf.

STATEMENT OF DR. JACOB BILLIKOPF, EXECUTIVE DIRECTOR OF THE FEDERATION OF JEWISH CHARITIES, PHILADELPHIA, PA.

Senator COSTIGAN. Doctor, please state for the record, your active connections.

Doctor BILLIKOPF. I am executive director of the Federation of Jewish Charities in Philadelphia, and until quite recently, for a period of seven years, was the impartial chairman in the men's clothing industry in the city of New York; also chairman of the Unemployment Insurance Fund in the clothing industry in that city.

Senator COSTIGAN. You have heretofore appeared before this committee in hearings on relief measures?

Doctor BILLIKOPF. Yes; also before the Hebert committee on unemployment insurance.

Senator COSTIGAN. Your advice to the committee has been extremely helpful and the committee is disposed this morning to ask you to make a statement in your own way, bringing up to date, so far as possible, the facts as you know them with respect to unemployment and relief conditions in the United States.

Doctor BILLIKOPF. Mr. Chairman, those of us who have been associated for a number of years with unemployment relief and who, like myself, have been very intimately identified with labor problems, not only in so large an industry as the clothing industry, but other industries as well have naturally become so emotionally involved in the situation that I am afraid we fail to get that clear perspective which we would have if we were on the periphery and judging the

matter with greater objectivity. I find it very difficult now to give that clear and cohesive picture which I might have presented otherwise. And so my information this morning will be largely fragmentary in its nature; I am hopeful though that you will ask questions which may fill out more adequately the picture.

I might say at the outset that for a large body of the data which are to be presented this morning I am indebted to the National Social Work Council which in recent months has prepared a series of valuable bulletins dealing with various aspects of the unemployment problem.

To begin with, almost 12,000,000 people out of work in the United States was the estimate of the American Federation of Labor for December, 1932; 65 per cent of the men in the building trades were unemployed; 46 per cent in the metal trades; 42 per cent in manufacturing; 50 per cent among musicians and other professional groups. This is an appalling increase over the numbers estimated by the same authority to be unemployed in October, 1931.

The number in October, 1931, was estimated by the American Federation of Labor at 5,600,000 and the estimate for November, 1930, was 4,860,000. If these estimates are even approximately correct—and they are considered the most reliable we have—then, within the past two years the per cent of unemployment increased 124.3 per cent.

These figures represent the number of persons who are totally unemployed, and were it possible to get the facts as to those who are working only two or three days a week, we should have a more tragic picture.

As month after month goes by the resources of the unemployed grow less and less—savings are used up, insurance is sacrificed, property is sold, friends and relatives find their own means exhausted and can help no longer. One thing is certain. The need for assistance from public or private social agencies increases with every month of unemployment.

But we do not know with certainty even now, as we are in the midst of the fourth winter of the depression, either the total number of persons in the United States who are the recipients of relief, or the total amount expended to help them. We know only that both totals are rapidly rising, and that no end is in sight. The number of those who have survived through the help of neighbors or kinsfolk, many of whom have been themselves hard pressed, no one will ever know.

There is no cause for optimism with regard to the relief situation as we face 1933. The experience of previous depressions indicates that the peak of relief needs is not reached until about a year after the upturn begins. The New York Temporary Emergency Relief Administration estimated in October that at least \$10,000,000 a month will have to be spent for public relief in that State alone during the winter. In August the Illinois Emergency Relief Commission estimated that \$36,673,000 was the minimum need for State or Federal funds in Illinois during the period from September, 1932, through February, 1933, in addition to all local public and private funds which are now or may become available during the period. Rhode Island, on the basis of very careful studies made by the fact finding committee of the Governor's Conference on Unemployment

and Relief, estimated that the cost of relief for one year would be \$11,000,000, "if conditions grew no worse."

In Pittsburgh the estimate is that \$12,000,000 will be required for unemployment relief during the calendar year 1933.

Last December the number of families receiving relief in Chicago was 99,293. For this January it is estimated that the number will be 164,000. In Cleveland, last December, there were 18,978 families on relief; this year it is estimated there will be 34,775. In Cincinnati, in December, 1931, 13,203 families were aided; for this month, the estimate is 24,975.

In a letter which appeared last Sunday in the New York Times, written by the Michigan correspondent of the Times, there appears the following statement:

The potential wage earners in Detroit are put at 689,000; the number of unemployed at the present time, 350,000. The rapidity with which the means of the unemployed are being exhausted, forcing them to apply to the welfare department for relief, is evidenced by the fact that during the week ended December 3, the department's load was increased by 1,431 cases. From July 1 to December 1, the number of cases increased from 23,341 to 32,640. These, bear in mind, are not individuals, but families. If individuals are counted, the number runs well over 100,000 who are thus dependent on public charity for food, clothing, and shelter.

In Philadelphia—and I am much more familiar with the situation there than elsewhere—the county relief board has received applications thus far from 71,000 households. Of these applications approximately 15,000 have been rejected and 47,500 were on relief on December 23. The figures apply to households rather than to individual families. I should like to make the distinction pretty clear, that these figures apply to households rather than individual families.

Senator COSTIGAN. What was the basis of the rejections to which you refer?

Doctor BILLIKOFF. They were based on certain requirements. Naturally, the matter of income is taken largely into consideration. At any rate, funds are not being administered indiscriminately.

Our experience shows that about 30 per cent of the families under care are so-called "combined families" where 2, 3, 4, or more families are living in one household. This condition, of course, is fundamentally associated with our failure in Philadelphia to pay rent for the last three years. The families with no income with which rent could be paid are inevitably doubling up with relatives and friends who happen to have a roof over their heads, thus creating very serious housing difficulties.

Senator COSTIGAN. One of the questions I had in mind concerned the inability to pay rent—

Doctor BILLIKOFF. Rent is not involved at all. I shall go over the schedule of allowances and classify them.

We are already assisting considerably more families than were assisted in the same period last year. We do not think we have by any means reached our peak load and I think we will probably not reach it until some time in March. This is based on our experience of last year.

Our estimate is that we will probably have about 70,000 households, which does not by any means begin to represent the number of families because, as I said before, about 30 per cent of nearly 48,000 families represent instances where 2, 3, and 4 families live under the same roof.

Senator WHEELER. Doctor, have you, in your survey—if you have made a survey—seen any prospects or any evidences of business getting better or more employment being given to workers?

Doctor BILLIKOFF. Would you mind, Senator, if I continued my story? My immediate answer to your question is no; but I would like to elaborate on that point.

Senator WHEELER. Very well.

Doctor BILLIKOFF. Mr. Chairman, figures, however impressively presented and however vividly marshaled, fail to give even a fair picture of what is behind these figures. I think it was Prof. William James, one of the wisest of men—and a teacher of yours, if I am not mistaken—who once said that “Abstract conceptions are notoriously weak in impulsive action.”

Those of us who are engaged in philanthropic work, and particularly in the gentle art of separating people from their funds for charitable purposes, realize that statistics are not quite as impressive as the presentation of human-interest stories. May I, therefore, submit an illuminating study made in Philadelphia shortly after relief was withdrawn from 52,000 families because all relief funds, private and public, were exhausted?

Senator COSTIGAN. July, 1932?

Doctor BILLIKOFF. July, 1932.

On June 25, in the city of Philadelphia, 52,000 families then receiving relief were served notices that they could not expect any relief, and about a week later the Community Council of Philadelphia made a study of 400 families chosen at random and which were typical of the 52,000 families. This fragmentary study intended to show under what conditions these 400 and similar circumstanced families lived when relief had been withdrawn for a period of only a week or two.

Senator COSTIGAN. Was that the time when the newspapers published in Philadelphia announced, quoting leading Philadelphia citizens, that on or about that date Philadelphia would pass from civilization to barbarism?

Doctor BILLIKOFF. Yes, sir; the statement was issued a few weeks before. Relief stopped in Philadelphia on June 25.

Senator WHEELER. Why was it stopped?

Doctor BILLIKOFF. In our 1932 united campaign, \$10,000,000 were raised for the Welfare Federation, the Federation of Jewish Charities, and the Unemployment Relief Committee, the latter receiving \$5,000,000. The campaign closed the first week in January, but by April 5, 1932, the \$5,000,000 were spent. Then we, in Philadelphia, received \$2,500,000 from a legislative appropriation, but by June 25 there was not a penny available from private philanthropy, city or State. Federal relief was not yet available.

Relief stopped in Philadelphia on June 25. For months previously 52,000 destitute families had been receiving modest grocery orders and a little milk.

The average allowance to a family at that time was about \$4.35 per week, no provision being made for fuel, clothing, rent or any of the minimum accessories that go to make up the family budget.

Their rent was unpaid, their credit and their borrowing power exhausted. Most of them were absolutely dependent for existence on the food orders supplied through State funds administered by the Committee for Unemployment Relief. Then there were no

more funds, and relief—except for a little milk for half-sick children, and a little Red Cross flour—was suddenly discontinued. And Philadelphia asked itself what was happening to these 52,000 families. There were no reports of people starving in the streets, and yet from what possible source were 52,000 families getting enough food to live on?

It was a fair question and the Community Council under the direction of Mr. Ewan Clague, a competent economist and in charge of its Research Bureau, set out to find the answer by a special study of 400 families who had been without relief for a period varying from 10 to 25 days. The families were not picked out as the worst cases, but as stated before were fairly typical of the 52,000.

According to Mr. Clague, and I am quoting him quite liberally, the count of the 400 families showed a total of 2,464 persons. The great majority ranged from five to eight persons per family.

In their effort to discover how these 2,464 human beings were keeping themselves alive the investigators inquired into the customary sources of family maintenance, earnings, savings, regular help from relatives, credit and, last but not least, the neighbors.

Some current income in the form of wages was reported by 128 families, though the amounts were generally small and irregular, two or three dollars a week perhaps, earned on odd jobs, by selling knickknacks on the street or by youngsters delivering papers or working nights. For the whole 128 the average wage income was \$4.16 a week and 272 families of the 400 had no earnings whatsoever.

Savings were an even more slender resource. Only 54 families reported savings and most of these were nothing more than small industrial insurance policies with little or no cash surrender value, technically an asset, actually an item of expense. This does not mean that these families had not had savings—take for instance, the Baker family—father, mother, and four children. They had had \$1,000 in a building and loan association which failed. They had had more than \$2,000 in a savings bank, but the last cent had been withdrawn in January, 1931. They had had three insurance policies, which had been surrendered one by one. Both the father and the oldest son were tubercular, the former at the moment being an applicant for sanitarium care. This family—intelligent, clean, thrifty, and likable—one of thousands at the end of their rope—had had savings as a resource even a year ago, but not now.

The same situation, it was found, prevailed in regard to regular help from relatives. In the early stages of the depression a large proportion of relief families could count on this help in some form. But of our 400 families only 33 reported assistance from kinsfolk that could be counted on, and this assistance was slender indeed: A brother paid the rent to save eviction, a brother-in-law guaranteed the gas and electric bills, a grandmother, working as a scrubwoman, put in a small sum each week. Most of the relatives it was found were so hard pressed that it was all they could do to save themselves. As a matter of fact many relatives had moved in with the families and were recorded as members of the household.

In the absence of assets or income the next line of defense is credit. But most of the 400 families were bogged down in debt and retained only a vestige of credit. Take the item of rent or building and loan payments: Three hundred and forty-nine of the families were behind—

some only a month or two, some for a year, a few for two or three years, with six months as the average for the group.

This study was made in July. To-day the average arrears in that would be much higher.

The total indebtedness for rent (for July) amounted to about \$41,000, an average of \$120.78.

To-day there are probably between thirty-five and fifty thousand families who have not paid rent for periods ranging from six months to two years, which tends to throw light on the great difficulties encountered by the municipality in collecting taxes and its consequent liability to meet the special needs of a community, much less the staggering problem of unemployment relief. Parenthetically, with tax delinquency running 36 per cent this year compared with 25 per cent last year, the city officials in Detroit are at their wits end to raise money for running expenses. The same story holds true in many other large industrial communities.

Now, the total indebtedness for rent by the 400 families amounted in July to about \$41,000, an average of \$120.78. Nearly three-fourths of the families reported debts other than rent, with their credit to grocers, milkmen, coal dealers, and so on, used to the limit. Few grocers' bills ran beyond \$50—the bulk ranged from \$1 to \$25. Occasionally the grocers were unwilling to risk very much and the non-payment of very small bills stopped further credit. Milk bills were less frequent and seldom amounted to as much as \$15. Other types of debts were varied in character. Substantial money loans from friends or loan companies amounting to \$100, \$200, or even \$300 were occasionally noted. Overdue installments on furniture were frequent, a few cases of debts for taxes, water rents, furniture storage, and doctors were mentioned. One family reported owing \$5 to the church.

The outstanding feature of the loans was their size—an average of \$160 each, whether friendly or commercial. In any case this group of families had small chance for any further loans, commercial or friendly.

For an instance of how the load of debt mounted up consider the Beccaria family. Threatened with a second eviction, behind in gas and electricity bills, they owed \$45 to the grocer and \$112 to the baker, this latter item having accumulated over two years. They owed \$45 to a downtown department store, \$200 to a brother, \$150 to a cousin, and a 6 per cent commercial loan of \$300. Their troubles were complicated by a variety of health problems which were not improving under a diet of bread, potatoes, and spaghetti.

Thus, then, the picture of the 400 families shaped itself. Generally no income, such as there was slight, irregular and un dependable; shelter still available so long as landlords remained lenient; savings gone; credit exhausted.

But what of food, the never ending, ever pressing necessity for food? In this emergency the outstanding contribution has been made by neighbors. The poor are looking after the poor. In considerably more than a third of the 400 families the chief source of actual subsistence when grocery orders stopped was the neighbors. The supply was by no means regular or adequate but in the last analysis, when all other resources failed the neighbors rallied to tide the family over a few days. Usually it was leftovers, stale bread, meat bones for soup, a bowl of gravy. Sometimes the children are asked in for a

meal. One neighbor sent two eggs a day regularly to a sick man threatened with tuberculosis. This help was the more striking since the neighbors themselves were often close to the line of destitution and could ill spare the food they shared. The primitive communism existing among these people was a constant surprise to the visitors. More than once a family lucky enough to get a good supply of food called in the entire block to share the feast. There is absolutely no doubt that entire neighborhoods were just living from day to day sharing what slight resources any one family chanced to have. Without this mutual help the situation of many of the families would have been desperate.

As a result of all these efforts, what did these families have? What meals did they get and of what did these meals consist? About 8 per cent of the total number were subsisting on one meal a day. Many more were getting only two meals a day, and still others were irregular, sometimes one meal, sometimes two, occasionally by great good fortune, three. Thirty-seven per cent of all families were not getting the normal three meals a day.

When the content of these meals is taken into consideration the facts are still more alarming. Four families had absolutely no solid food whatever—nothing but a drink, usually tea or coffee. Seventy-three others had only one food and one drink for all meals, the food in many cases being bread made from Red Cross flour. Even in the remaining cases, where there were two or three articles of food, the diets day after day and week after week consisted usually of bread, macaroni, spaghetti, potatoes, with milk for the children. Many families were getting no meat and very few vegetables. Fresh fruits were never mentioned, although it is possible that the family might pick these up in the streets occasionally.

These diets were exceedingly harmful in their immediate effects on some of the families where health problems are present. In a number of cases the children are definitely reported on a hospital diagnosis as anemic. Occasionally the adults are likewise affected. The MacIntyre family for instance: These two older people have an adopted child 8 years of age. The husband is a bricklayer by trade and the wife can do outside housework. They have had occasional odd jobs over the past year but have been very hard pressed. For the three meals immediately preceding the visit they reported the menus as follows: Dinner, previous day, bread and coffee; breakfast, bread and coffee; lunch, corn, fish, bread, and coffee; one quart of milk for the little girl for the entire three meals.

Also their health problems were serious. The wife has had several operations, the husband is a possible tuberculosis case, and the child is underweight. All three have also been receiving medical attention from a hospital for the past three years. The little girl has been nervous, has fainted at times, and is slightly deformed from rickets. Being undernourished, she needs cod-liver oil, milk, oranges, and the food which was possible only when the family was on relief. She went to camp for two weeks and returned up to weight and in good spirits. But relief was cut off while she was away, and she came back to meals of milk, coffee, and bread. In the short time at home she had become fretful and listless, refusing to take anything but milk. This whole family promised to be in serious health difficulties if their situation were long continued.

The Bakers, the Beccarias, the MacIntyres, and the other 397 families visited did not starve to death when relief stopped. They kept alive from day to day, catch-as-catch can, reduced for actual subsistence to something of the status of a stray cat prowling for food, for which a kindly soul occasionally sets out a plate of table scraps or a saucer of milk. What this does to the innate dignity of the human soul is not difficult to guess. What it does to the bodies and the social attitudes of adults and children is something that we shall know more and more about for years to come. And these 400 families were, remember, a fair sampling of 52,000 from whom relief was withdrawn. What happened to the 400 happened in greater or less degree to the 52,000.

Senator COSTIGAN. Apparently you do not share the reported enthusiasm of certain health officers over public-health conditions?

Doctor BILLIKOFF. I shall cover that later, Senator.

In 1932, Ernest Poole, whom many of us know by reputation as a fine student of social conditions, published a little book entitled "Nurses on Horseback," in which he quotes Mary Breckenridge, organizer and director of the "Frontier Nursing Service," as speaking of the "numberless deaths" from tuberculosis in the mountains of Kentucky.

Hundreds of children are stricken—

She said—

And so little can be done for them in their crowded, drafty homes. So they grow worse and soon infect others in the family. I remember a little boy of 10 who had tuberculosis, and whose two brothers had died of it. He came to Wendover one day; and at the end of his visit he said:

"Well, now I'm going home to die. Everybody in our house dies."

Miss Breckenridge continues:

We've been able to help a few cases by sending them out of the hills to places where they get adequate care. But for every life we save, 10 are lost—and needlessly lost—just because we haven't the funds to tackle this problem in a big way.

I have here a statement from Kentucky which also appeared in last Sunday's New York Times. Its correspondent quotes Dr. Arthur T. McCormack, secretary of the Kentucky State Board of Health, as saying:

We are using 2 tons of yeast a month in the prevention of pellagra, which has been increasing on account of the economic condition of many of the families. Tuberculosis is also becoming more prevalent, this increase being the first time in 50 years that an improvement has not been noted.

Doctor McCormack cited three cases of xerophthalmia, a very rare ailment caused by lack of vitamin A in the food consumed and which is characterized by a drying up of the eyeballs. This disease afflicted Poland during the World War.

I might say that in 1920, when I visited Poland and other contiguous countries, I came across this disease known as xerophthalmia, and in Germany, as h ner krankheit, a disease which results in continuous blinking, due to lack of food, and subsequent blindness. I saw hundreds of such victims, and I say to you that of all the devastating impressions made on me on my visit shortly following the war, nothing compared with the sight of children afflicted with this dreadful disease. I thought we were immune in this country, but here

comes Doctor McCormack citing specific instances of xerophthalmia, found in Kentucky and possibly elsewhere.

Doctor McCormack further says:

At the State health officers' conference at Lexington a few days ago the distressing intelligence was developed that in 40 per cent of the deaths in 18 rural counties the patients had not been visited by a physician, due to the fact that the people are without money.

To come back, gentlemen, to Philadelphia: On September 25, unemployment relief was resumed, both through a subsidy on the part of the State and through Federal grants. I am submitting a weekly food-order schedule and will ask that it constitute a part of my testimony.

Note that a typical family of five, where there is no income whatever, that family is given an allowance of \$5 in food and food only. Nothing else. Occasionally fuel. That same allowance of \$5 per week is given even to a family where there is an income of 50 cents, \$1, or \$1.50 up to \$4.

In the case of a family of six, the allowance where there is no income, is \$5.50 and that same allowance of \$5.50 is even granted to a family of six where there is an income of \$3.50 to \$5, which I think answers Senator Wheeler's question, or your question, Mr. Chairman, as to what is the basis for an allowance. Regretfully I haven't schedules for other communities, but I should say that these are typical, although in many sections, such as the coal regions, grants are so small that the condition of the people literally beggars description.

Recently there was held in Chicago a conference on welfare standards. An attempt was made to define what is an adequate allowance. Adequacy of relief was defined as the maintenance of wholesome, normal life, including health and morale for families and unattached individuals. Adequate and proper food, necessary clothing, and medical service and decent shelter are the first essentials to be provided.

And here comes a commission appointed by the Governor of Rhode Island, a commission made up of distinguished citizens, and it might be well to quote from their report to the Governor as to what, in terms of dollars and cents, a decent allowance should be. The Rhode Island Commission on Unemployment and Relief have had this to say on the subject:

It is especially important to recognize that there is a great difference between the amount which is needed to protect a family against desperate hunger for a few days and the amount which must be provided to carry a family for months on end. A food order for \$2 or \$3 prevents starvation and for \$5 a week the food needs of the family may be met for several weeks. * * * But where no provision can be made for reestablishing the flow of income of the head of the family, the absolute minimum to hold the family intact (five persons) is about \$10 per week. * * * A subsistence budget * * * can be worked out at about \$5 a week. On such a budget, families will slowly lose, rather than gain, strength.

And Heywood Broun puts it in more forceful language when he says:

I will not agree that the richest country in the world has done enough when it manages to keep most, or even all, of the unemployed just above the line of subsistence. We should not be satisfied with the fact that through various furtive doles body and soul are kept, if not together, at least on speaking terms.

Senator COSTIGAN. What is the average size of a family to which your testimony applies?

Doctor BILLIKOFF. A family of five.

I want to read an editorial from the New York Times commenting on the splendid report just issued by the United States Children's Bureau, and which answers in part your question regarding health conditions.

Senator COSTIGAN. Editorially?

Doctor BILLIKOFF. Yes, sir. [Reads:]

The most encouraging fact is that there is a continuing decline in the infant mortality rate. This favorable condition is a factor in the state of the general health as reported by Surgeon General Cumming a few days ago to the effect that "health conditions as a whole have been maintained at a very high level during the past two and a half years of unfavorable economic conditions." But as an eminent authority, Dr. William H. Welch, has recently pointed out, increased vigilance is necessary. To quote his statement verbatim, "undernourishment of children is not likely to show itself immediately, but is bound to show its effects later when it is probably too late to remedy. The ground lost by undernourishment in childhood can never be regained."

Of course that is the testimony of all health experts, social workers, and students of social economics, based on the testimony we have received from Surgeon General Cumming that mortality and morbidity rates in 1931 were not as great as might have been anticipated.

Senator COSTIGAN. Some credit should be given to advances in science.

Doctor BILLIKOFF. Exactly, and to the absence of epidemics.

Here is a letter addressed to the United States Children's Bureau by the director of the maternity and infancy division of a State board of health:

We are receiving numerous letters of appeal from time to time from expectant mothers whose husbands are out of employment, who have large families, and who are receiving very little in the way of material relief adequate for the needs of themselves and their children. The physicians on the prenatal consultations report that almost every other woman coming to the clinics reports unemployment and shows evidence of getting, not so much an inadequate quantity of food, but an insufficient amount of essential foods—insufficient milk, meats, eggs, and vegetables. Many families report that they are subsisting almost entirely on potatoes. In the case of young children there is not so much evidence of loss of weight, because this diet seems to keep it up pretty well, but their color is very poor, they are listless, and in some cases show an accentuation of evidences of rickets.

Similar testimony can be gathered from other agencies. Here is another letter from a hospital, showing that an increasing number of children from the ages of 7 to 12 have been admitted during the past year suffering from a nervous disorder known as chorea, or St. Vitus dance. In many cases this condition has resulted from a combination of insufficient food, bad housing, strained family relationships, anxiety and unhappiness over the uncertainties resulting from unemployment.

Last year, when we appeared before your committee, you asked me to trace the correlation between the depression and health and crime. I will not go into these matters now, because I suppose testimony on these points will be produced within the next two or three days. I should like, however, to take your time to show the effect unemployment has had upon the commitment of children to institutions.

On July 1, 1930, there were in this country approximately 284,000 dependent children in the care of foster families and foster institu-

tions. On October 1, 1932, estimates by leaders in the child-welfare field placed the number of children thus cared for at over 400,000. It is the belief of those familiar with the facts that this increase in child dependency has been caused chiefly by the breaking up of family groups caught in the depression and unable any longer to care for their children because of inadequate relief or other conditions precipitated by unemployment.

From all parts of the country comes evidence confirming this picture of heavier pressure on the agencies for child care. The Catholic Charities of the archdiocese of New York stated on December 31, 1931, that is a year ago that the number of dependent children under its care in institutions and boarding homes had increased 35 per cent during the previous three years. From 22 child-caring agencies in Los Angeles comes a report of an increase in the number of applications for care of 8.4 per cent as between corresponding six months' periods (November to May) in 1929-30 and 1931-32. In the State of New Jersey the percentage of increase in the number of dependent children accepted for care by the State institutions and agencies was 17.2 from January 1, 1925, to January 1, 1929; between January 1, 1930, and January 1, 1932, the increase was 187.4 per cent. So the story runs, from practically every agency in the field, except for those where limitations of space or funds have made increase impossible. In other words, families are being constantly broken up.

Now, take the case of transient families: One of the big new problems produced in part by the depression is an enormous increase in the number of boys alone and children in family groups who are wandering about the country in search of work or adventure. Traveler's Aid workers reporting in 1931 on 304 transient family groups which they considered typical, noted that they numbered 1,006 individuals, of whom 483 were children under 16 and 147 were young people from 16 to 25 years of age, "all gathering vivid impressions of youth and establishing habits that will go far to determine what their future lives will be." Among them were "children who remember no homes and who have never been in school, since their parents are constantly or recurringly on the move," as well as others "who, because of unemployment, have just been uprooted from comfortable homes and good schools where they were leading happy, normal lives in the security of familiar surroundings."

We know that there are conservatively speaking, anywhere between 1,000,000 and 1,250,000 boys, ranging in age from 14 or 15 up to 21 who are aimlessly wandering over the country, a sad and tragic fact to which Mr. Newton D. Baker has been constantly calling our attention, as chairman of the Committee on Mobilization of Funds for Community Chests.

How are we meeting the unemployment relief situation?

I cite the case of Philadelphia. As stated previously, a year ago we had a campaign for the two community chests; namely, the Federation of Jewish Charities and the Welfare Federation, both comprising 146 charitable institutions, hospitals, orphanages, homes for crippled children, health societies, child-caring institutions, etc. Our objective was to obtain for those 146 institutions \$5,000,000, in addition to which we sought to raise \$4,000,000 for unemployment relief. We felt that private philanthropy owed a debt of obligation to the unemployed,

and should not throw the burden entirely on the city, county, State, or Federal Government.

Miraculously, instead of getting \$9,000,000, we received \$10,000,000; an extraordinary achievement. So, instead of giving the unemployment relief committee \$4,000,000—its share in the \$9,000,000 objective—we actually gave them \$5,000,000 with a priority claim on the \$10,000,000. There was great jubilation over this extraordinary achievement. Many deluded themselves in the belief that the \$5,000,000 would see us through the year 1932.

Senator COSTIGAN. When did you begin to expend it?

Doctor BILLIKOFF. We began to make use of this sum on or about December 15, but by April 5, 1932, that \$5,000,000 had vanished; not another penny to be gotten from private philanthropy. Then the State came in and made it possible for Philadelphia to navigate until June 25.

Now, what is the picture to-day? It is this: We knew that it was humanly impossible for us to obtain any such colossal sum as \$9,000,000 this year and so our objective was placed at \$5,000,000, the irreducible minimum required for the 146 institutions in the two federations, to which we added another million dollars for unemployment relief to be spent by relief agencies in the two federations as the result of the heavy overload requirements incident to the depression.

Senator COSTIGAN. Why did you limit your goal for unemployment relief to \$1,000,000?

Doctor BILLIKOFF. First of all it was essential for us to get the \$5,000,000 for the 146 institutions, because to close the hospitals and other institutions would be robbing Peter to pay Paul. We limited it to \$5,000,000 because we did not think it was possible, on account of catastrophic business conditions and large losses sustained last year, to get more than \$6,000,000.

Senator COSTIGAN. You based your estimate on some knowledge of the ability of those who voluntarily contribute?

Doctor BILLIKOFF. Of course that is always a problematical thing. We knew beforehand, for instance, that a man who gave \$50,000 last year is now in the hands of receivers; we knew that Mr. X who gave us \$3,000 could not with the best of intentions contribute more than \$250, and so forth. We had a realistic conception of the situation. So, we fixed our quota at \$6,000,000.

The campaign was closed December 5. It is still going on and will continue, but from present indications it is doubtful whether we will go beyond \$5,400,000 or \$5,500,000. Bear in mind that after deducting expenses and possible shrinkage from losses we will have just enough to maintain our 146 charitable institutions. And we need in Philadelphia at least \$2,000,000 a month. In fact, if we had again gotten \$9,000,000 as we did last year the \$4,000,000 would have been consumed in two and one-half months. Our situation is not unique, as will be pointed out by Mr. Hurlin of the Russel Sage Foundation. He will probably tell you that with few solitary exceptions there is hardly a city in the country where the community chest succeeded in getting more than 65 to 80 per cent of what it set out to get. Last year Pittsburgh went out for \$5,750,000 of which \$2,750,000 was designated for their various institutions, and \$3,000,000 for unemployment relief. This year they went out for \$2,500,000 instead of the \$5,750,000. Pittsburgh realized it could not get any such sum

as last year and while the quota of \$2,500,000 was attained it is really a partial victory. Not a penny is available for unemployment relief, and Pittsburgh's least estimate is that \$12,000,000 are needed for such relief during the calendar year.

That picture is true of almost every community in the country. So, speaking of community chests, or community funds as they are called, I do not imagine there is a community chest in the country to-day which has been in a position to get much, if anything, for the item of unemployment relief.

To put it differently, I should say that to-day under the terrific pressure under which hospitals, orphanages, relief societies, homes for the aged, and so forth, are operating, such pressure as the mounting demand for free services in the hospitals, and the tremendous falling off in revenue, both from investments and the inability of the people to avail themselves of the higher-rated rooms and privileges—I say what, between the pressure from all sides, private philanthropy will be achieving a magnificent record if it can hold on to the first line of defense in maintaining its primary and all-year-round functioning of charitable agencies.

Senator COSTIGAN. Is it fair to conclude that the need for Federal aid to the States is greater this year than a year ago?

Doctor BILLIKOFF. Yes, sir. This situation I have described is not peculiar to Philadelphia but is typical of the vast majority of communities. They are not in a position to give unemployment relief. I have already indicated that in Detroit the percentage of tax delinquencies was 36 as compared with 25 per cent last year. It is quite obvious that the major source of revenue in a city comes from taxation on property, and when I say to you that in the city of Philadelphia there are, to-day, between 35,000 and 50,000 families who have not paid rent for periods ranging from six months to two years, it becomes quite evident that the landlord can not, in addition to incurring the loss resulting from his inability to collect rent, pay taxes; and he doesn't. In Chicago the school teachers have not been paid for a long time. We are fortunate in that respect in Philadelphia.

While there may be a few isolated communities in the country, like Milwaukee and Boston where the unemployed are still taken care of out of municipal taxation, in the majority of instances, the cities are so smashed and crippled financially that all they can hope to do is to carry on the irreducible minimum standards in the fields of education, and hospitalization. You can not expect any unemployment relief from them.

When it comes to the State, of course the situation is different. Some States may still be able to draw on potential resources; but many States have no resources to fall back on.

I was very much impressed yesterday listening to Governor Lehman's inaugural address, what he had to say on the subject of unemployment relief. Governor Lehman made this statement:

The problem has now reached the point where aid from the Federal Government is needed in our war against destitution and want. The Federal relief bill so defines the conditions under which Federal credit may be made available to the States for unemployment relief that up to the present it has been difficult for New York State to apply for aid.

The time has come, however, when it is absolutely essential that such application be made to the Federal Government by our State. It is no longer possible to avoid the necessity. I hope, however, that the terms of the act will be modified

and a broader interpretation of the bill given so as to make it easier for us to benefit from this Federal source in meeting the needs of our unemployed.

Senator COSTIGAN. He is referring to the Reconstruction Finance Corporation?

Doctor BILLIKOFF. Referring to two things: One, the inability of New York State to cope with the problem, and in the second place, if Federal relief is to be obtained, the present act must be considerably modified in order that the Empire State may take advantage of that relief.

Senator COSTIGAN. Governor Lehman refers to the act to be modified—

Doctor BILLIKOFF. Yes.

Now, then, with those two sources virtually dried up—private philanthropy on the one hand, municipal appropriations on the other, and with grave doubt as to what many States can do, it seems that the task of extending relief must be checked up largely to the Federal Government.

This thesis we attempted to establish last year, and the \$300,000,000 appropriation by a Congress is confirmation that the thesis must have had validity; otherwise Congress would not have approved such an appropriation. But the bill has to be modified considerably. The loan feature has to be eliminated. There is no use in lending the money to a city or a State that is impoverished. It places the city in a position where it can not pay its obligations.

In the light of the fragmentary data presented and the evidence you will get during the next three or four days, it will become clearly evident that the present act must be liberalized; there must be greater elasticity. More funds must be placed at the disposal of the millions of unemployed, who are destitute, particularly in those sections where needs have been met very feebly or not at all. True, only about \$125,000,000 has been expended thus far and there is still some money available, but the fact remains that through the failure to spend the funds more liberally and more elastically, and this is not intended as an aspersion on those who manage the fund, we have built up tremendous casualties, casualties in health, disease, and crime.

Senator COSTIGAN. Have you any estimate to make for the benefit of the committee as to the minimum requirements for aid to the States from the Federal Government at this time or in the coming year or two?

Doctor BILLIKOFF. This is purely guesswork, but I should say \$500,000,000. I hope some one can give a more authentic picture, but I should say that the amount which is sought in the bill under consideration, namely, \$500,000,000, is a very conservative amount, if the "forgotten man" is to be given the most elementary consideration.

Senator COSTIGAN. Is there anything you wish to say in addition, for the benefit of the committee, Doctor Billikoff?

Doctor BILLIKOFF. Senator Costigan, I have taken an unconscionable amount of time, but if given a few minutes more, I should like to touch on another, though not unrelated subject.

I have confined all my attention this morning to the question of unemployment relief. As a student of labor economics and as one who is deeply interested in every aspect of our social life, it would be the height of folly for me to sit here and say that an expenditure of \$500,000,000 or even a billion is the thing that will have a decisive

effect in mitigating the horrors of the colossal depression in which we find ourselves. I would consider myself a little brother to the rich and hold myself in contempt if I went away, comforted in the thought that I did the best to support the particular bill under consideration.

My conscience would hardly be clear.

I realize that in this depression the enemy is on a hundred and one fronts. It can not be said that if we will successfully attack this or that problem we will get out of the depression. I have too great an appreciation of the situation not to realize that we are marvelously rich in problems and that they are all interrelated, the solution of any one of which is predicated on others.

At the same time it would seem that if it comes at all within the scope of this committee, it certainly comes within the scope of the Senate, there are some things of a more fundamental nature which may be done at this time. Obviously, we should not let anyone starve, but, *pari passu*, there are several things to which we should address ourselves. I recall that in the last session of the Congress Senator LaFollette made what I thought was an extraordinarily able address on his \$500,000,000 measure for public works and I can truthfully say, in my judgment, that particular plea will, from the point of irresistible logic and marshalling of facts, go down as one of the greatest speeches delivered in the United States Senate in many a year. Conditions are changing with such kaleidoscopic rapidity that a measure which was sponsored yesterday may not be as valuable to-day; that a program submitted a year or two ago may not have the same effect to-day. But if you still have faith in the possibilities of the public-works scheme as a check on the depression, and I do not see any evidence, in response to Senator Wheeler's question, of things picking up, if there is any possibility of reopening the question of the \$5,000,000,000-bond issue, I hope this will be done speedily. If my memory serves me correctly, Senator LaFollette estimated 2,000,000 people would be given jobs, directly and indirectly.

A year ago when I appeared before the Hebert committee I advocated unemployment insurance, backed by the Federal Government. At that time the significance was much greater than at this moment. Still, unemployment insurance is absolutely essential. It is coming. It is one of the least concessions, it seems to me, that capitalism, even unenlightened capitalism, should make to the working people.

I speak from experience as chairman of the unemployment insurance funds in the clothing industry and as a student of similar funds throughout Europe, and so forth, when I say that voluntary unemployment insurance schemes by industry or even by States are likely to break down; certainly this is true in the case of voluntary efforts by individual employers or industries. The scheme must have national sanction and validity. So I hope that while unemployment insurance would not have the immediate effect of helping the 12,000,000 people out of employment, it will have far-reaching effects later.

We have heard a great deal lately about technocracy and technocrats, and whatever we think of them, favorably or not, there can be no mistake about the statements which not only the technocrats but others have made, even folk like President Compton of the Massachusetts Institute of Technology, who attacked the technocrats;

namely, that even if we could recapture the halcyon days of 1928 and 1929 and bring back the volume of business enjoyed in 1928 and 1929, not more than half the number now out of employment could possibly be reabsorbed in industry, and we are far, far removed from those idyllic days, never likely to return.

If, then, only half of the unemployed can possibly be reabsorbed under ideal conditions, it would seem that there is something radically wrong.

And so I find myself wholeheartedly in sympathy with the position taken lately by the American Federation of Labor and many enlightened industrialists, that we must get down to a 30-hour week basis, thus spreading out work among a much larger number of individuals. The so-called share the work movement, headed by Mr. Teagle, is impotent to achieve very satisfactory results. No matter how intelligent, how far-visioned and socially minded an employer be, he can not adopt the 30-hour week in his plant without collapsing unless his neighbor follows a similar procedure. Here, again, the Federal Government must step in if the scheme is to be a success.

What heartens me is that yesterday there came out that remarkable report of the President's Research Committee on Social Trends. Let me present just three recommendations in it:

(1) The 6-hour day and the 5-day week are methods of distributing the loss of jobs in a less inequitable fashion.

(2) A solvent unemployment fund would do much to mitigate the distress which many now suffer before finding new openings.

(3) An extension of old-age pensions at care for victims of progress.

I say it is heartening because accompanying this report, which represents three years' work by noted experts, there is a statement by President Hoover which I should like to read.

* * * the significance of this report lies primarily, first, in the fact that it is a cooperative effort on a very broad scale to project into the field of social thought the scientific mood and the scientific method as correctives to undiscriminating emotional approach and to insecure factual basis, in seeking for constructive remedies of great social problems.

Mr. Hoover goes on to say—

* * * it is the first attempt ever made to study simultaneously all of the fundamental social facts which underlie all our social problems. Much ineffective thinking and many impracticable proposals of remedy have in the past been due to unfamiliarity with facts in fields related to that in which a given problem lies.

Prior to the submission of this remarkable report many of us who advocated such projects as old-age pensions, unemployment insurance, the shortening of the number of hours, and so forth, might properly have been classified as belonging to those who have been dealing in the field of "undiscriminating emotional approach and on the basis of insecure factual data." But now that we have the assurance of the President's experts that, in the advocacy of certain types of legislation, we were on the right track, we have gained considerable courage in that we are prepared to fortify our conclusions by a large body of incontrovertible facts, gathered by Prof. Wesley C. Mitchell, Chairman of the committee, and his splendid associates.

Senator COSTIGAN. In other words, it is gratifying to have your instinctive reaction confirmed by the scientific matters contained in the report?

Doctor BILLIKOPF. Yes, sir; and I am hopeful that between now and March 4, the President will see his way clear to cash in on some of the splendid recommendations made by his own committee.

Senator COSTIGAN. As a matter of fact, your prior conclusions were not based on instinct, but on research. Doctor Billikopf, we are obliged to you for the help you have given the committee.

Philadelphia County Relief Board, weekly food order schedule

Family income	Number in family										Each additional
	1	2	3	4	5	6	7	8	9	10	
\$0.00.....	\$1.50	\$2.50	\$3.50	\$4.50	\$5.00	\$5.50	\$6.00	\$6.50	\$7.00	\$7.50	¹ \$0.50
\$0.50.....	1.50	2.50	3.50	4.50	5.00	5.50	6.00	6.50	7.00	7.50	-----
\$1.00.....	1.50	2.50	3.50	4.50	5.00	5.50	6.00	6.50	7.00	7.50	-----
\$1.50.....	1.00	2.50	3.50	4.50	5.00	5.50	6.00	6.50	7.00	7.50	-----
\$2.00.....	-----	2.50	3.50	4.50	5.00	5.50	6.00	6.50	7.00	7.50	-----
\$2.50.....	-----	2.00	3.50	4.50	5.00	5.50	6.00	6.50	7.00	7.50	-----
\$3.00.....	-----	1.50	3.00	4.50	5.00	5.50	6.00	6.50	7.00	7.50	-----
\$3.50.....	-----	1.00	2.50	4.00	5.00	5.50	6.00	6.50	7.00	7.50	-----
\$4.00.....	-----	-----	2.00	3.50	5.00	5.50	6.00	6.50	7.00	7.50	-----
\$4.50.....	-----	-----	1.50	3.00	4.50	5.50	6.00	6.50	7.00	7.50	-----
\$5.00.....	-----	-----	1.00	2.50	4.00	5.50	6.00	6.50	7.00	7.50	-----
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\$7.50.....	-----	-----	-----	-----	1.50	3.00	4.00	5.00	6.00	7.00	7.00
\$8.00.....	-----	-----	-----	-----	1.00	2.50	3.50	4.50	5.50	6.50	6.50
\$8.50.....	-----	-----	-----	-----	-----	2.00	3.00	4.00	5.00	6.00	6.00
\$9.00.....	-----	-----	-----	-----	-----	1.50	2.50	3.50	4.50	5.50	5.50
\$9.50.....	-----	-----	-----	-----	-----	1.00	2.00	3.00	4.00	5.00	5.00
\$10.00.....	-----	-----	-----	-----	-----	-----	1.50	2.50	3.50	4.50	4.50
\$10.50.....	-----	-----	-----	-----	-----	-----	1.00	2.00	3.00	4.00	4.00
\$11.00.....	-----	-----	-----	-----	-----	-----	-----	1.50	2.50	3.50	3.50
\$11.50.....	-----	-----	-----	-----	-----	-----	-----	1.00	2.00	3.00	3.00
\$12.00.....	-----	-----	-----	-----	-----	-----	-----	-----	1.50	2.50	2.50
\$12.50.....	-----	-----	-----	-----	-----	-----	-----	-----	1.00	2.00	2.00
\$13.00.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	1.50	1.50
\$13.50.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	1.00	1.00
\$14.00.....	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

¹ Additional.

STATEMENT OF MR. FRANK BANE, DIRECTOR OF THE AMERICAN PUBLIC WELFARE ASSOCIATION, CHICAGO, ILL.

Senator COSTIGAN. Mr. Bane, please state your present connections and your qualifications as a witness.

Mr. BANE. I am at present director of the American Public Welfare Association, with central offices in Chicago. The American Public Welfare Association is an association of public welfare officials and organizations throughout the country.

Senator COSTIGAN. How long have you been associated with them?

Mr. BANE. Since the beginning of the association, approximately two years ago.

Senator COSTIGAN. You gave testimony before this committee a year ago?

Mr. BANE. Yes, sir.

Senator COSTIGAN. Are you prepared to-day to make a general statement on present relief conditions, needs and resources for meeting those needs?

Mr. BANE. Last year, Senator, if you will recall, I made a very brief statement on conditions as we found them in the various States

throughout the country. That statement was based upon reports from our field workers, etc.—facts which had come into our office.

This year much, and more detailed, information than we could have as to conditions, and so forth, will be, without a doubt, in the office of the Reconstruction Finance Corporation, and I have no doubt they will furnish you with that information. In the administration of their fund they have required, as you know, detailed information from various States as to need and as to resources and consequently we have not attempted this year to compile, as we attempted last year, a survey of the conditions as to needs.

Senator COSTIGAN. Have you examined the records of the Reconstruction Finance Corporation so collected?

Mr. BANE. No, sir; as to relief conditions in the country, however, we have, during the last month or six weeks, had one of our field representatives making an appraisal of the unemployment relief measures now in operation in New York State. According to his statement there are approximately 1,150,000 persons in New York City who are unemployed. There are approximately 850,000 people in upstate New York who are unemployed, making a total of approximately 2,000,000 people.

Assuming that there are perhaps two wage earners to a family, that would mean there are approximately 1,000,000 families who are suffering directly from our present depression.

Senator COSTIGAN. Are the figures given by you with reference to total unemployment or part-time unemployment?

Mr. BANE. Total unemployment. There are, of course, in addition, many families on part-time employment.

Now at the present time, January 1, 1933, 250,000 families in New York are on the books or are being aided by public relief agencies and approximately 50,000 families are being aided by private organizations and agencies. That leaves 700,000 families, approximately, that are to-day, up until the present time, able more or less to get along without recourse to welfare organizations and agencies.

It is interesting to note also that the number of families that are being helped by public agencies in New York have increased from 180,000 families in July, 1932, to 250,000 families January 1, 1933. I believe the same condition obtains in many other parts of the country, a continued increase of the number of persons who must be supported by the public—through public organizations to a large extent, and to some extent through private organizations.

I think we are safe in saying, therefore, that we have now and will probably have for some time to come, an increasing problem of relief in this country.

Senator COSTIGAN. What would you say as to the way in which future needs are likely to develop?

Mr. BANE. The most immediate future needs, in my opinion, will develop on account of the exhaustion of the resources of the hundreds of thousands or millions of families whose bread-winners are unemployed, but who have, as yet, been able to live upon their accumulated savings or upon their relatives or friends and who undoubtedly, if the present conditions continue, will sooner or later—and perhaps sooner—be on relief, as we say.

Senator COSTIGAN. As a close observer of conditions in this field, are you satisfied with the way in which these relief needs are being met at this time throughout the country?

Mr. BANE. Are you referring directly to the adequacy with which relief needs at present are being met?

Senator COSTIGAN. Yes.

Mr. BANE. On the question of adequacy, Senator, I would say that that is relative. I do not think relief as now provided in many States is adequate. It has been contended, and it can be substantiated, that in many places persons who are in distress are receiving larger allowances than persons who were in distress received in our glorious days of prosperity during the twenties.

As I say, that can be substantiated, because we have had in this country for many years, in many places, a system of relief known as outdoor poor relief, a system by which the local government attempted to care for destitute persons in that particular locality. Outdoor poor relief in most places has been supplementary, small allowances being granted by the local government agency, be it city government, board of supervisors or whatnot, to supplement what the family secured elsewhere.

If present-day grants, generally speaking, are compared with grants which have been received by many persons in many places under the outdoor relief system, it can be contended that the grants are liberal. On the other hand, adequacy of relief, to my mind, includes adequate and proper food, sufficient clothing, adjusted to climatic conditions, decent shelter, and necessary medical attention.

Senator COSTIGAN. You have something more generous in mind than relief granted on a famine basis.

Mr. BANE. I have something more generous in mind than relief granted on a famine basis or a mere subsistence basis or what might be even termed a mere disaster basis.

I have in mind relief granted in such a manner and to such extent as to maintain not only the life of the family but to some extent decent living conditions.

Now, in many places where food and clothing are being allowed, you find little if any allowance for rent. In other places where food is being allowed, you have little allowance for clothing. In many places you have little if any allowance for necessary medical attention. The lack of any one of those it seems to me will contribute ultimately to the deterioration of family life in the city, State, or Nation.

Senator COSTIGAN. To what extent is medical attention being given? You have made some reference to the subject. Will you be good enough to elaborate slightly?

Mr. BANE. That varies, of course, Senator, according to the particular locality. There is no uniform system by which medical attention is being given. In some cities reasonably good clinical service is available connected with the relief stations, in others not so good, and in some other places no organized medical attention is available at all, although perhaps many physicians are carrying many families as they have been carrying them for years, without any compensation whatever.

Senator COSTIGAN. Impelled by their own charitable desires?

Mr. BANE. Yes, sir; impelled by their own charitable desires.

Senator COSTIGAN. Mr. Bane, have you anything to say about the adequacy of existing Federal aid?

Mr. BANE. It seems to me we have gone through three periods in our efforts to handle relief. The first period might be denominated the period of private philanthropy, a period of time in which we hoped that the depression would be short and that we could stimulate private philanthropy to contribute the necessary funds to tide us over a short business recession.

We then moved into what might be called a local responsibility era, the period when we realized that private philanthropy would not be able to handle the load and we insisted that the relief of destitution was, as it had been in this country, the primary responsibility of local government and that local government should handle the job. In 1932 we moved over into the State period. New York State led off with a direct appropriation of \$20,000,000 for unemployment relief. Several States followed suit and in July of last year we made provision, Senator, to expand the State era; that is, the Federal Government made possible the expansion of State activity by providing that States could procure funds from the Federal Government for unemployment relief—could secure funds in the nature of a loan for which they paid interest.

Senator COSTIGAN. You refer now to the provisions of the emergency relief and construction act?

Mr. BANE. Yes, sir; to the emergency relief and construction act and so we have witnessed, during the past year, approximately 40 States enter directly into the field of unemployment relief, as States.

To-day, the Federal Government has not contributed directly toward the handling of this problem of relief. It has enabled the States—

Senator COSTIGAN. To borrow money?

Mr. BANE. To borrow money. I think the next step in our efforts to cope with this problem will be, and should be, direct material contribution by the Federal Government. I believe that this is a national problem and being a national problem I believe that the National Government should contribute not only its guidance and its assistance, which are very necessary, but also financial help in the handling of the problem.

Senator COSTIGAN. It is your judgment that the economic conditions from which the country is suffering are not to be traced to local causes and that therefore the problem is national?

Mr. BANE. Yes, sir.

Senator COSTIGAN. There are some aspects of the problem which are particularly national, are they not? I have in mind the migratory movement which passes beyond local and State lines and beyond the protection of ordinary relief supervision. Do you see any reason why the migratory workers should be otherwise dealt with than on a national basis?

Mr. BANE. I know of no effective way to deal with the migratory problem except on a national basis. It seems that in this depression thousands and hundreds of thousands of persons, principally men and boys, are taking the advice which was given many years ago in times of distress, to go West or to go somewhere and many of them are going—somewhere. They are not quite certain.

Senator COSTIGAN. It is true that historically relief has grown up on the assumption that it would be handed out by those in charge to the vicinity from which the relief funds were accumulated. The

poor laws originally, in other words, looked to the extension of relief to persons having a residence—

Mr. BANE. Our entire poor system, embodied in our poor laws, is built upon the assumption by the local political unit of relief of destitution within the particular community. That is evidenced by the fact that most States have settlement laws which provide that persons must live within the State and within the locality a certain number of years before they are eligible for relief.

Senator COSTIGAN. Your statement, Mr. Bane, about the evolution from State handling of relief problems to Federal aid, by way of grants, is of special interest to this committee. Why have you reached the conclusion that the loan policy represented by the Reconstruction Finance Corporation act is ineffective or not in accord with the best public policy?

Mr. BANE. I believe there should be Federal grants instead of loans; first, because, as I stated a few moments ago, I think our problem of unemployment is a national problem which should be carried or handled to some extent by the National Government and not to be loaded entirely upon localities and the States; secondly, I believe that Federal grants instead of loans would enable us to spread throughout this country a more adequate and more uniform system of relief than is possible under our present plan. The instance which you raise of transients is a case in point.

In the third place—

Senator COSTIGAN. Pardon me. Is it also true that once a loan is granted to a State it is more difficult to follow the utilization of the funds than if the funds are distributed from a central authority under rules and regulations—

Mr. BANE. I was coming to that—

Senator COSTIGAN. And made uniformly applicable?

Mr. BANE. I was coming to that, Senator.

In the third place, I believe that the country has a right to look to the Federal Government—certainly at this stage of our calamity—for definite constructive leadership in the meeting of this problem; not only the relief end, but the employment end.

I believe that leadership will be developed if, as, and when the Federal Government assumes definitely a certain proportion of the responsibility for the handling of the problem which will be assumed, in my opinion, when they take over some of the costs. And coming to your question, I believe that a grant system will in this bill, as it has in other acts—I am thinking primarily at the moment of Federal aid to roads—be conducive to the development of a more adequate, more uniform, and more economical, if you please, standard of administration which will, on the one hand, assure better care and better service to those in need, and on the other, secure a larger return for the funds invested; and finally, I believe a grant system will tend, through Federal stimulation, to develop more adequate State organizations in the various States for the handling of the problem which the States have now, and problems which, irrespective of what business may do, are going to be with the States for years to come.

Even if business should pick up, even if your appropriation of \$500,000,000 were enacted and used, as your bill prescribes, within two years, the States are going to have for years to come a hang-over

job from this depression which is going to tax the resources and ingenuity of State governments.

Senator COSTIGAN. Mr. Bane, your remarks imply that the relief extended in the form of loans by the Reconstruction Finance Corporation have not been wholly satisfactory in achieving the ends you have in view. Do you care to illustrate wherein they have failed to satisfy the social workers?

Mr. BANE. I did not intend to leave that definite implication, Senator. Our association has worked very closely with the relief section of the Reconstruction Finance Corporation. I have no hesitancy in saying that in my opinion the relief section has done everything possible within certain limits to handle this problem. They have approached the problem sympathetically; they have worked with it earnestly and such faults or such lapses or such differences of opinion as may exist as to the general organization or the general administration are perhaps more in the law and in the statute than in the administration of it.

For instance, the statute prescribes that they shall require certain information. Sometimes this information is nonexistent. The statute prescribes that there shall be loans upon the request of the governor. The statute does not give the Reconstruction Finance Corporation the authority to follow through or to make certain rules, regulations, and requirements. From an administrative point of view many things could be done under a grant in aid plan that are not now possible under a loan plan.

Senator COSTIGAN. It is my understanding that the Reconstruction Finance Corporation has passed out, from month to month, certain sums by way of loans and that it has been difficult, in view of this method of parcelling of grants to plan the relief work as it would normally be planned. Is that true?

Mr. BANE. Yes, sir. The policy of the Reconstruction Finance Corporation to make available to States' moneys for short periods of times has in many cases made it extremely difficult for the State to set up and to develop adequate machinery for the administration of relief, the reasons being many States have had to enlarge their machinery to handle this added job or burden. In order to enlarge their machinery, additional personnel must be secured. It is rather difficult to employ competent, trained people for periods of one month to two months or three months or four months. They must be gotten from other jobs and they hesitate to leave a position in which they happen to be to take another position which may last two months, three months, or at least for an extremely indefinite time.

I think it would be conducive to effective, and if you please I can say economical, administration if grants could be for longer periods of time, even under the loan basis.

Senator COSTIGAN. As you understand the law, what was the necessity, under the emergency relief and construction act, for this piecemeal policy of granting loans?

Mr. BANE. I think there have been two reasons for the piecemeal policy. I think when the corporation started making available loans for relief in many States there was little reliable information as to needs and as to resources and that their initial grants were made for short periods of time in order to give the States an opportunity to develop this information and in order to give the corporation an

opportunity to appraise the situation that existed in that State and the machinery which could be set up for administration.

Then again, short time grants were made, perhaps, to care for the destitute until the State was in a position to make provision through legislative action and I think recently, within the last two or three months, that grants have been short or for short periods of time because of the change of administration in so many of the States.

The act provides that money shall be made available upon the application of the governors. Governors are going out and new governors are coming in and I have an idea—this is merely my opinion—that grants now have been shortened or elongated as the case may be, to some extent in an effort to fit into that situation which the bill creates by making applications come directly through the governor himself.

Senator COSTIGAN. You will understand, of course, Mr. Bane, there is no disposition on the part of the committee to read any implications into your remarks.

Mr. BANE. I understand that.

Senator COSTIGAN. And that the committee is merely desirous of securing exact information for its guidance. Is there anything further you wish to direct the committee's attention to at this hour?

Mr. BANE. Senator, I have here a rather brief statement on most of the questions which you have asked me. This statement is a summary of a conference of public welfare officials, social workers, Government officials, and educators that was held in Chicago, November 18, 19, and 20.

Senator COSTIGAN. 1932?

Mr. BANE. 1932. It deals specifically with the question of adequacy of relief with which your committee is concerned. It deals also with problems of administration. It deals with the transient problem which you raised; it deals with the problem of finance as between the local, State, and Federal Governments and, with your permission, I should like to put that into the record.

Senator COSTIGAN. Who compiled the summary?

Mr. BANE. This summary is largely—in fact entirely—the report of the four committees of that conference, the committee on adequacy of relief, the committee on administration of relief, the committee on transients, and the committee on finance, and it covers briefly, although I think reasonably adequately, the questions which you have raised this morning.

Senator COSTIGAN. The committee will be glad to have the summary placed in the record.

(The summary is printed in full as follows:)

CONFERENCE ON THE MAINTENANCE OF WELFARE STANDARDS

THE AMERICAN PUBLIC WELFARE ASSOCIATION WITH THE COOPERATION OF THE PUBLIC ADMINISTRATION CLEARING HOUSE, THE SCHOOL OF SOCIAL SERVICE ADMINISTRATION OF THE UNIVERSITY OF CHICAGO, NOVEMBER 18, 19, 20, AT CHICAGO, ILL.

(Issued by the American Public Welfare Association)

CONFERENCE ON MAINTENANCE OF WELFARE STANDARDS

This conference was held in Chicago on November 18, 19, and 20, 1932, to provide the forum for a free discussion of current problems and responsibilities by the representatives of governmental and private agencies charged with the

burden of administering relief and service for those in distress because of unemployment. The call was issued by the American Public Welfare Association, with the cooperation of the Public Administration Clearing House, and the School of Social Service Administration of the University of Chicago.

It is clearly apparent, in this fourth year of the depression, that the prevailing enormous amount of unemployment and resulting destitution constitutes a national problem of major proportions. The declining public revenue, and the relative or actual exhaustion of public credit in many sections of the country, add to the seriousness of the situation. On the one hand, there is a country-wide demand for economy and for reduction in governmental expenditures. On the other hand, there is constantly more insistent demand that suitable provision be made for the relief of those in need. Public officials and social workers face this dilemma. They are, nevertheless, charged with the responsibility to maintain the accepted standards of American life and of welfare administration.

Under these circumstances the conference was assembled to secure discussion of the principal features of these problems, with the purpose to achieve a consensus on policies and plans, and to formulate statements embodying them.

The problems considered by the conference were grouped under four subjects: (1) What are the standards of adequate relief; (2) what organization and standards of administration will give most assurance of economy of expenditures and adequacy of relief; (3) what financial resources should be definitely relied upon to assure the establishment and maintenance of standards of adequate relief; and (4) how to administer adequate relief and service for the increasing number of transient and homeless destitute persons and families.

There were no set speeches on the program. The discussion was participated in by all who attended the conference. At the final session, reports on the four principal subjects were presented by committees to whom the formulation of these statements was entrusted by the conference, with the benefit of the consideration given to them in five earlier plenary sessions.

The reports of these committees are here presented. The names of the members of the committee are subscribed in each instance. It is important to note, however, that each report was presented at a full meeting of the conference, was read and carefully discussed, and then approved by the conference itself.

Because of the particular technique and difficulties of administering relief for the transient and homeless, the committee in charge of that subject was obliged to include in its report a comprehensive outline of the problem itself.

These four reports are presented for the consideration of all interested citizens, in the hope and expectation that they will serve to clarify thought and action as to (1) the need and the means for providing adequate relief for the millions, heretofore self-supporting, who are in present destitution through no fault of their own; (2) the immediate organization of administration of adequate relief in such manner that present efficiency and future progress may be best assured; (3) the provision of financial resources in such manner as to conserve the adequacy of all necessary governmental services and to protect the broad aspects of community well being; and (4) the care of homeless and transient persons in coordinated services with comprehensive and adequate results.

The worst of all situations is that in which confusion of thought and action defeats good purposes and misapplies or ignores available resources. The results of this conference, it is hoped, will serve in substantial measure to point to orderly action and to concerted planning in dealing with this national emergency.

LOUIS BROWNLOW, *Chairman.*

I. REPORT OF COMMITTEE ON ADEQUACY OF RELIEF

Adequacy of relief is defined as the maintenance of wholesome, normal life, including health and morale for families and unattached individuals. Adequate and proper food, necessary clothing and medical service, and decent shelter are the first essentials to be provided. Hardship is relieved only if this is done. A sufficient number of competent, experienced personnel is essential to any program of adequate relief.

Food.—Adequate minimum food schedules have long been available according to the make-up of families on a food-unit budgetary basis, price conditions determined by the locality. Departures below these established food budgets mean that subminimum allowances are in effect. The interpretation or modification of accepted food budgets or the setting up of new food budgets by other than qualified nutritionists is dangerous.

In addition to normal diets, special diets are essential where there are health conditions which warrant extra or special foods, especially where such are recommended by physicians.

All possible economies in the administration of relief are urgent but must not be pressed to the point of destroying the values of relief to the recipient. Such economies have been developed by organizations experienced in the administration of relief.

The commissary system of food relief is questioned in that experience has not been sufficiently tested to prove its greater economies while there is abundant evidence to show its excessive costs in human values. It is recommended that food allowances be made in cash or in grocery orders supplemented with cash.

Shelter, heat, and light.—One of the most demoralizing factors in family life is insecurity of shelter and fear of eviction. Decent housing is imperative with the regular payment of a reasonable rent. No less imperative are provisions for light, water, and fuel and the equipment necessary for cooking and heating. Mass housing and the doubling up of families as a means of economy are condemned.

Clothing.—Clothing indicated by the prevailing climate, in sufficient quantities to preserve health and maintain self-respect is a necessity. Clothing suited to the individual needs of members of families and adapted to special needs of persons seeking work should be furnished. Dependence on second-hand clothing is uncertain and unsatisfactory. New clothing is a legitimate and necessary element of relief.

Medical care.—Adequate medical and dental services and supplies should be provided not only as a treatment of present suffering but as a preventive of accumulated health costs in the future.

Cash.—Finally there is ample evidence that great suffering is caused by rigid budgeting which does not allow for the minor necessities of family life, health, and the maintenance of children in school. For this reason, if relief is mainly in kind some cash allowance should be included in each budget.

Organization.—Community resources should be organized to render regular continuous assistance to those in distress so that they need not be subjected to the insecurities of uncertain relief funds or to the interruption and delays which may be avoided if relief programs are adequately planned and effectively administered.

It is the obligation of the community not alone to offer relief measures to those who have made their needs known, but to develop methods of reaching promptly all those in distress who through lack of acquaintance with existing facilities or lack of understanding that such facilities are legitimate sources of assistance, have failed to make their needs known.

The present organization of relief is haphazard in character. Within the same State, frequently in the same community, there are great variations in standards of relief ranging from a fair degree of adequacy to meager subsistence, and in some instances to a virtual neglect of individuals and families. There is needed a national basis of responsibility which shall accomplish a general adequacy of relief provisions in accordance with minimum approved standards of living.

Adequate relief defined here as essential must be accompanied by opportunities and services provided to sustain the cultural and social bonds which are necessary to individuals and to stable family life. Health, recreational and educational services are necessary to make relief itself effective and must not be sacrificed in community programs in the effort to find means for the relief budget.

Standards similar to those discussed above should be applied to the relief of the unattached individual.

The inevitable human and economic costs in illness and individual and family demoralization and disintegration will be avoided through provision of such adequacy. To provide other than adequate relief is a shortsighted and tragic false economy.

Mrs. I. ALBERT LIVERIGHT, *Chairman.*
LEA D. TAYLOR.
CALVERT L. ESTILL.
H. L. LURIE.

EDITH ABBOTT.
MARIETTA STEVENSON.
WALTER WEST.
FREDERICK I. DANIELS.

II. REPORT OF THE COMMITTEE ON ADMINISTRATION OF RELIEF

The present nation-wide need of relief and welfare services is created by lack of employment of millions of wage earners due to no fault of their own.

The report of the committee on administration deals primarily with that administration of relief and welfare services made necessary by the breakdown of the industrial system.

Before proceeding to that subject, the following statement is presented:

The most constructive relief of unemployment is work. Every effort should be made to return the unemployed person as quickly as possible to employment. To this end an adequate, coordinated, and professionally staffed system of local, State, and national employment exchanges is absolutely essential, operated upon a high level of social standards and individualized treatment. This system of exchanges must work in close cooperation with relief agencies, labor organizations, and employers.

Public works should be stimulated but not beyond the limits of sound planning, or to the point of exhaustion of local credit.

When placement in regular industrial employment or on public works is impossible, work relief is to be undertaken as widely as possible, but with the recognition of the larger costs of work relief and its limited possibility in providing employment.

Relief, through work relief, should not be administered in such a way as to undermine wage standards. Current rates of wages should be paid on all work-relief projects. Industry should not be permitted to divert its responsibilities to relief organizations, public or private.

In view of the widespread and unprecedented need for relief, the committee on administration presents the following principles which, in the judgment of this conference, should be followed in the organization and administration of relief and social services, to meet the present situation; and which should become the goals for the future organization and administration of public relief:

I. The major responsibility for the relief of destitution rests with government. This responsibility can only be met adequately by the active participation of the Federal, State, and local governments.

All participating agencies should establish effective means for the development and maintenance of efficient standards of administration.

II. An effective State administrative unit should be established for the direction and supervision of the expenditure of all State and Federal funds appropriated or borrowed for relief purposes.

Federal and State funds should be made available to local units upon a basis of need, rather than population or wealth, and should be so administered as to stimulate adequate and effective welfare programs.

Local units should be of such area and population as to lend themselves to effective administration. In most of the States, the county is the smallest practical unit for public-welfare administration. Unification of public-welfare services in both State and county is necessary to secure efficient and economical administration.

III. Public funds should be administered *only* by duly established and properly organized public agencies.¹

IV. In any appropriation for relief, a definite allocation of funds for administrative purposes should be included in order to insure proper standards of administration.

V. Public-welfare administration is a technical function of government and includes types of services which require properly prepared, qualified personnel.

Personnel standards are a primary concern of all State and local welfare systems and can best be attained by stressing education and experience rather than residence.

DR. ELLEN POTTER, *Chairman.*

WALTER PETTIT.

RICHARD CONANT.

W. S. CARPENTER.

LINTON B. SWIFT.

ALLEN T. BURNS.

SOPHONISBA P. BRECKINRIDGE.

FRANK BANE.

MARY IRENE ATKINSON.

EDITH FOSTER.

F. H. HOEHLER.

¹ The Rev. John O'Grady requested that he be recorded as voting "no" on the approval of Section III.

III. REPORT OF COMMITTEE ON FINANCIAL RESOURCES

Unemployment relief is a fundamental Government responsibility. It is a responsibility that must be shared by all units of government, local, State, and national. We have been too much inclined to think about unemployment as a local responsibility. Most of our local units of government have exhausted their loan and credit resources in providing relief during the depression. Many of them had built up a huge bonded indebtedness during the years of prosperity and were, therefore, ill-prepared for the present emergency. No matter what we may think about the fiscal policies of our county and city government in the past, they can not go very much farther in bearing the largest part of the burden of relief without imperiling other essential services, or perhaps reaching the point of bankruptcy.

More than 60 per cent of the cost of local government is derived from taxes on real property. It is impossible to secure any additional revenue from this source. In fact, real estate can not possibly carry its present load. Under financial pressure local governments are cutting their expenditures for such essential services as education, health, recreation, and child care. If some outside assistance is not forthcoming, they are liable to cut their essential services still more. In their predicament, the local governments are looking to the States for a share of State tax funds. In a number of States, the part of the proceeds of the gasoline tax has been diverted to local communities for relief purposes. Assistance from this source can at best be temporary. The gasoline tax, moreover, was intended primarily for road building and maintenance. Its diversion will further aggravate the unemployment situation.

The Federal Government has to date made no direct appropriations from Federal funds for unemployment relief. However, 35 States have secured loans through the Reconstruction Finance Corporation. Eight States have made direct State appropriations for relief, five of these having also borrowed from the Reconstruction Finance Corporation, while three of these have relied entirely upon State appropriations.

Forty legislatures will meet in 1933. All these legislatures must give serious thought to unemployment programs. They should consider how far unemployment is a responsibility of industry. In many States unemployment insurance will be considered and adopted. There will be the question, moreover, as to how far State funds can be secured for relief of the unemployed.

Many legislatures will find their taxing powers limited by constitutional provisions. Only about two-thirds of the States have authority to levy income taxes. They will find it difficult to levy additional taxes on corporations. Some of them may find it possible to increase their inheritance taxes or authorize the floatation of bond issues. As a rule, the credit of the States is much better than that of the local communities.

There is probably no State in the Union that can not assume some share of the financial responsibility for unemployment relief. The assumption of financial responsibility by the State will aid very greatly in developing a state-wide program of unemployment relief. It is bound to assure better standards in the administration of relief.

Citizens in general should urge their legislatures to take such State action as will qualify the particular State for loans under the Federal relief and construction act now in effect. By so doing they will also remove obstacles that now lie in the way of further assumption of Federal responsibility.

As the burden of unemployment relief increases, it is becoming more and more evident that the largest part of it must be borne by the Federal Government. We must look to Congress for larger appropriations.

After all, unemployment relief is fundamentally a national responsibility. The volume of unemployment is affected very materially by the policies of the Federal Government. It is only when Congress recognizes its direct responsibility for unemployment relief that it will be ready to adopt other and more constructive methods of dealing with the problem.

Congress has not yet recognized its direct obligation for relief of unemployment. It has established a policy of loaning funds to States and local communities only after their resources available for this purpose have been exhausted. This policy is liable to jeopardize other essential Government services.

The Federal Government must assume a direct responsibility for unemployment relief. The credit resources of the United States Government are not exhausted. We can not be satisfied as a people merely with the prevention of starvation. The United States Government is responsible for seeing to it that

those who are out of work through forces over which they have no control must be provided for according to decent standards.

The Federal Government must assume the leadership in dealing with unemployment.

Rev. JOHN O'GRADY, *Chairman*.
ALLEN T. BURNS.
H. L. LURIE.
LINTON B. SWIFT.

FREDERICK N. MACMILLIN.
MOLLIE RAY CARROLL.
SOPHONISBA P. BRECKINRIDGE.
MRS. A. D. KOHN.

IV. REPORT OF COMMITTEE ON PROVISION FOR TRANSIENTS AND NONRESIDENTS

This report is concerned with the problems of transient and homeless non-resident families and individuals. In numbers mounting into the hundreds of thousands at least, these family groups, men and boys and in smaller numbers, women and girls, are traveling from place to place, riding the freights, hitch-hiking or walking, or using dilapidated "flivvers." Coming from every State in the Union and traveling from east to west, from north to south, and in reverse directions, their numbers are so large as to create serious problems for most parts of the country and utterly to overwhelm available resources in the areas of greatest concentration.

This committee recognized the importance of the care of the resident homeless, but did not include them in its report, preferring to concentrate its attention on the nonresident and transient groups, since they involve especially difficult questions of intercommunity and interstate relationships, and constitute a problem truly national in scope.

This report is divided into five sections, dealing with the nature of the problem, its social consequences, preventive measures, methods of care, and the administrative and financial responsibility of the different governmental units.

Nature of the problem.—(a) *Predepression experience.*—The transient and migratory family, or individual, is not a type new to American life. Mobility has always been a marked characteristic of American civilization. Increased numbers leading a roving life followed earlier depressions; but migratory families, men and boys, were in evidence also during periods of prosperity. The committee has listed the following as illustrating something of the extent and diversity of the transient or migrant problem prior to the period of the present depression:

1. The chronic wanderer.
2. The migratory laborer and the migratory family, following the crops, or migrating from place to place to perform other types of seasonal labor.
3. Families and individuals lured to new sections by local booms or the opening of new industries, and failing to find expected opportunities.
4. Rural-urban migration.
5. Migration in search of health.
6. Families and individuals adopting a migratory life because of some social disaster or a spirit of unrest (e. g., automobile gypsies).
7. Runaway children and youths.

In so far as the problems of these groups were met by organized social resources, it may be said that the first two groups, the chronic wanderer and the seasonal laborer, were served mainly by shelters and missions, and that the other groups received case-work service including (according to formal agreements) transportation back to the place of legal residence when proper arrangements could be made and when the welfare of the family or the person would be promoted by such a plan.

(b) *Effect of present depression.*—In the past three years there has been tremendous increase in the volume of transients, and a marked change in the types of persons and groups that are traveling. The chronic wanderer is receiving new recruits from the other groups and, as time goes on, from those who under ordinary conditions would never have taken to the road. Decreasing opportunities for self-maintenance are available to the migratory laborer and his family. There is an ebbing tide from areas of former "booms," and from city to country. Scarcity of work, discrimination by employers—public and private—against single young men, hopelessness in regard to possibilities of normal economic and social life, family destitution, and inadequacy of relief (including especially, in the case of families, nonpayment of rent followed by evictions), have given rise to quite new types of transients who but for unemployment would have been stable, self-supporting constituents of the communities which they left.

In addition to these classes of unorganized transients, there are organized groups traveling with definite objectives of securing political action to meet their

needs. With the special problems of this last type this report does not attempt to deal.

Because of their overwhelming numbers and heavy burdens carried by local communities in relieving their own residents, approved practices of dealing with transients for the most part have broken down, and in general, procedures for meeting their needs in any comprehensive, constructive way have not been developed as yet.

(c) *Characteristics of transient population.*—There has been an increase in the transient problem among all age groups and particularly among boys under the age of 21 years. Last spring estimates showed that 20 to 25 per cent of the transients were under 21, and indications are that this proportion is increasing. Many of the boys and young men have had good educations, having completed high school, and even college in a considerable number of cases. They come as a rule from a higher type of family, with a more stable social background than the transients of predepression days. Social workers, police, and railroad men state that the overwhelming majority of young transients are boys who would be at school or at work under normal conditions. They come, in large part, from unemployed families, often from destitute families without means from relief or other sources for adequate food or other necessities of life. There is an increase of family transiency, and probably (though definite evidence on this point is not at hand) in transiency on the part of unemployed married men who have left their families in search of work, or because of feelings of inadequacy, humiliation, or discouragement. A minority of the transient youth is impelled mainly by motives of restlessness or adventure which, it has been suggested, may find expression with less social opprobrium under present conditions than in normal times.

Transients are traveling by freights for the most part, and railroad officials are using methods of utmost leniency in dealing with them, because of the overwhelming size of the problem. Regular freight schedules are often posted at railroad terminals on the outskirts of cities, in the "jungles" adjacent to these terminals where many boys and men camp. Hitch-hiking has also increased. Evidence as to numbers of families migrating in their own automobiles is not available.

Consequences of the transient mode of life.—Among the individual and social consequences of the transient problem the committee has listed the following:

- (a) Physical hazards, including fatal accidents, especially in connection with "riding the freights"; crippling; diseases due to exposure, lack of cleanliness and sanitation, vermin, contagion or infection, including influenza, pneumonia, and undoubtedly in serious proportions, venereal disease; and depleted physical condition due to exposure, undernourishment, lack of proper clothing and shoes.
- (b) Demoralization and disintegration of morals and morale, personality and character, including loss of habits of application and work; absence of any stabilizing social relationships, or normal affection; lack of vocational opportunities; association with chronic wanderers, degenerates, and criminals.
- (c) Shifting of burden of care away from natural resources to new communities, with concentration in areas too small or too unorganized to meet the problem, but attracting transients for reasons of climate or railroad facilities.
- (d) Panhandling costs.

Preventive measures.—The committee submits that the social costs indicated above, particularly those involved in the physical, economic, and social demoralization of youth, are so great as to constitute a serious challenge to communities, States, and Nation, and to require more adequate methods of meeting the social and economic needs of young people in their home communities. The committee recommends with reference to:

(a) *Local communities.*—1. Development of increased community awareness of the problems of unemployed youth and of migrating families, among case-work agencies, schools, group-work reorganizations, employment, and vocational, cultural and recreational interests.

2. Provision of more adequate opportunities for young people by these agencies and interests, with emphasis on the necessity of finding opportunities for boys and girls, as well as for heads of families, in work-relief programs, and for more adequate direct relief including, especially, provision for rent.

(b) *State and National agencies.*—1. Reinforcing local programs, giving leadership, guidance, and in some cases financial assistance.

2. Undertaking specific responsibilities with reference to (a) redistribution of surplus labor through carefully worked out experimental programs and through employment exchanges; (b) review and revision of settlement legislation and of policies as to residence requirements.

Methods of care—(a) Present methods.—While an increasing number of communities are developing more adequate ways of dealing with certain aspects of the transient problem, evidence indicates that for the most part the handling of transients is characterized by the "passing-on policy," under which shelter and food are limited to periods ranging from 12 hours to a few days, at most, and by absolute failure to reach a large proportion of those traveling. Other characteristics of transient life, except as temporary care is found in communities with fairly adequate facilities, include:

1. Shelter only such as is found in rude camps or "jungles" on the outskirts of cities, in jails and police stations, or in shelters maintained by religious or social organizations, many of them poorly equipped to provide for the large numbers coming for care.
2. Monotonous diet lacking in some of the food elements necessary to maintain health, often a diet limited mainly to beans and bread.
3. Lack of cleanliness, sanitary facilities, and medical care.
4. Absence of segregation of young boys from older and hardened men.
5. Lack of facilities for registration, for consideration of individual problems, and for return home, or rehabilitation.
6. Absence of any facilities for the wholesome use of time in reading, recreation, study, or work.
7. Exposure to demoralizing influences.

(b) Essential features of a more adequate program.—1. Development and maintenance of adequate standards of shelter, food, clothing and medical care.

2. Provision for individualized service, including registration, interviewing, and return of those who can be provided for in their home communities.

3. Constructive opportunities for those who can not be returned and should not be passed on, with a view to assimilating them as fully as possible into the life of the new community, including (a) living arrangements through boarding homes, clubs, special lodges, or camps; (b) opportunities for education, work, and recreation.

Administration and financing.—The problem of transients, both families and unattached men, women, and youths, is a problem of the local community, the State, and peculiarly, by reason of its nature, of the Nation. Though much private service is given, the problem, by reason of its size and character, is essentially a public problem requiring planning and coordination, financing, and administration by governmental agencies.

(a) Local responsibility.—The problem must be met in the first instance by the local community where the transients are found. The local community must function, however, in relation to State and National planning, with participation of other units of Government. Local provision includes:

1. Adequate temporary care and case-work service.
2. Continuous care on a selective and voluntary basis.

(b) State responsibility.—1. Promotion of state-wide policies to stop passing on from one community to another within the State. In this connection, the Massachusetts experience in assumption of State responsibility for cases without local settlement is worthy of study and consideration.

2. Participation in planning, execution, and financing of local programs, with a view to promoting adequate care throughout the State.

3. Development of interstate settlement and removal policies which will be in line with modern standards and meet present needs. In this connection the committee suggests the possibility of coordinated efforts, during this year, to secure revision of State settlement laws and laws relating to interstate transportation of poor and indigent persons. These are also important possibilities in interstate and regional conferences and agreements, as to reciprocity, removal policies under existing legislation, and proposals for new legislation.

(c) National responsibility.—The transient problem is essentially national and public in character and size. The responsibility of the Federal Government includes the following:

1. Primary responsibility for planning, development of standards, and financing in accordance with general policies of unemployment relief.
2. Direct responsibility for financing, on a grant and not a loan basis, when State or local responsibility can not be allocated.

KATHARINE F. LENROOT, *Chairman.*
FRANK W. PERSONS.
RUSSELL H. KURTZ.
MRS. W. T. BOST.
FLORENCE PETERSON.

ROSE PORTER.
WALTER WEST.
INA T. TYLER.
DAVID H. HOLBROOK.
MOLLIE RAY CARROLL.

CONFERENCE LIST

Edith Abbott, dean, graduate school of social service administration, University of Chicago, Chicago, Ill.

Mary Irene Atkinson, superintendent, division of charities, department of public welfare, Columbus, Ohio.

Frank Bane, director, American Public Welfare Association, 850 East Fifty-eighth Street, Chicago, Ill.

Robert W. Beasley, director, Clearing House of Unemployed Men, 116 South Green Street, Chicago, Ill.

Paul Betters, executive secretary, American Municipal Association, 850 East Fifty-eighth Street, Chicago, Ill.

Mrs. W. T. Bost, commissioner, State board of charities and public welfare, Raleigh, N. C.

Sophonisba P. Breckinridge, professor of public welfare administration, University of Chicago, Chicago, Ill.

Louis Brownlow, director, Public Administration Clearing House, 850 East Fifty-eighth Street, Chicago, Ill.

Allen T. Burns, executive director, Association of Community Chests and Councils, Forty-third Street and Lexington Avenue, New York, N. Y.

W. S. Carpenter, director, State welfare department, Lansing, Mich.

Mollie Ray Carroll, University of Chicago Settlement, 4630 Gross Avenue, Chicago, Ill.

Mrs. Kenneth F. Rich, Hull House, Chicago, Ill.

Clarence E. Ridley, executive director, International City Managers' Association, 923 East Sixtieth Street, Chicago, Ill.

Amelia Sears, Cook County Board of Commissioners, County Building, Chicago, Ill.

Mrs. Gertrude Springer, associate editor, The Survey, 112 East Nineteenth Street, New York, N. Y.

Marietta Stevenson, assistant director, American Public Welfare Association, 850 East Fifty-eighth Street, Chicago, Ill.

Florence L. Sullivan, Loyola University, school of social work, 28 North Franklin Street, Chicago, Ill.

Linton B. Swift, executive secretary, Family Welfare Association of America, 130 East Twenty-second Street, New York, N. Y.

Lea D. Taylor, president, National Association of Settlements, Chicago Commons, Chicago, Ill.

Wilma Walker, president, National Association of Visiting Teachers, University of Chicago, school of social service administration, Chicago, Ill.

Walter West, executive secretary, American Association of Social Workers, 130 East Twenty-second Street, New York, N. Y.

Frederick N. MacMillin, president, American Municipal Association, Madison, Wis.

Rodney L. Mott, research consultant, American Legislators' Association, 850 East Fifty-eighth Street, Chicago, Ill.

Joseph Moss, Cook County Bureau of Public Welfare, Chicago, Ill.

Florence Nesbitt, United Charities, 203 North Wabash Avenue, Chicago, Ill.

Rev. John O'Grady, assistant director of Catholic Charities, 1103 Vermont Avenue NW., Washington, D. C.

Mrs. Clara Paul Paige, Cook County Bureau of Public Welfare, 1660 West Harrison Street, Chicago, Ill.

Frank Persons, American Public Welfare Association, 850 East Fifty-eighth Street, Chicago, Ill.

Florence Peterson, director of unemployment, research bureau, industrial commission, Madison, Wis.

Walter Pettit, temporary emergency relief commission, 124 East Twenty-eighth Street, New York, N. Y.

Martha Phillips, Illinois Emergency Relief Commission, 10 South La Salle Street, Chicago, Ill.

Rose Porter, Family Welfare Association of America, 850 East Fifty-eighth Street, Chicago, Ill.

Dr. Ellen Potter, department of institutions and agencies, State House, Trenton, N. J.

Carl Chatters, executive director, Municipal Finance Officers' Association, 850 East Fifty-eighth Street, Chicago, Ill.

Helen Clark, University of Wisconsin, Madison, Wis.

Richard Conant, commissioner, department of public welfare, Boston, Mass.

Monsig. W. A. Cummings, central charity bureau, Archdiocese of Chicago, 126 North Desplaines Street, Chicago, Ill.

Frederick I. Daniels, commissioner, Department of Public Welfare of Syracuse, 140 West Willow Street, Syracuse, N. Y.

Elizabeth S. Dixon, associate professor of case work, University of Chicago, Chicago, Ill.

Harrison A. Dobbs, associate professor, social economy, University of Chicago, Chicago, Ill.

Ruth Emerson, director, social service department, university clinics, University of Chicago, Chicago, Ill.

Calvert L. Estill, director, State department of public welfare, Charlestown, W. Va.

Edith Foster, assistant secretary, Wisconsin Conference of Social Work, 558 Jefferson Street, Milwaukee, Wis.

Virginia Frank, Jewish Social Service Bureau, 1800 Selden Street, Chicago, Ill.

Samuel Goldsmith, Jewish Charities of Chicago, 1800 Selden Street, Chicago, Ill.

Rowland Haynes, Reconstruction Finance Corporation, Washington, D. C.

F. K. Hoehler, director of public welfare, City Hall, Cincinnati, Ohio.

David H. Holbrook, secretary, National Social Work Council, 450 Seventh Avenue, New York, N. Y.

Mrs. A. D. Kohn, Hull House, 800 South Halsted Street, Chicago, Ill.

Russell H. Kurtz, Russell Sage Foundation, 130 East Twenty-second Street, New York, N. Y.

Morris B. Lambie, relief administrator, Room 259, State capitol, St. Paul, Minn.

Simeon E. Leland, professor of economics, University of Chicago, Chicago, Ill.

Katherine Lenroot, assistant chief, United States Children's Bureau, Washington, D. C.

Ruth L. Lerrigo, field representative, survey associates, 112 East Nineteenth Street, New York, N. Y.

Mrs. Edwina J. Lewis, unemployment relief service, 188 West Randolph Street, Chicago, Ill.

Mrs. I. Albert Liveright, secretary of welfare, State department of welfare, Harrisburg, Pa.

H. L. Lurie, director, bureau of Jewish social research, 71 West Forty-seventh Street, New York, N. Y.

Senator COSTIGAN. Is there anything more?

Mr. BANE. No, sir.

Senator COSTIGAN. Very well. The hearing of the committee will stand adjourned until 2 o'clock this afternoon.

(Whereupon, at 12.15 o'clock p. m., the committee took a recess until 2 o'clock p. m.)

AFTER RECESS

The subcommittee met pursuant to recess at 2 o'clock p. m.

Senator LA FOLLETTE (chairman) presiding.

The CHAIRMAN. The committee will be in order.

Mr. Swift, will you please give your name, address, and present position to the reporter?

STATEMENT OF LINTON B. SWIFT, SECRETARY OF THE FAMILY WELFARE ASSOCIATION OF AMERICA, NEW YORK CITY, N. Y.

Mr. SWIFT. My name is Linton B. Swift, 130 East Twenty-second Street, New York City, N. Y.; executive secretary of the Family Welfare Association of America.

The CHAIRMAN. Have you a prepared statement that you will give to the committee?

Mr. SWIFT. I have prepared a statement, Senator.

The CHAIRMAN. Please proceed.

Mr. SWIFT. I should like to preface my statement with the usual disclaimer. It should be understood that in all which I may say here I am expressing only my personal opinion and reactions, and that I do not speak as the representative of any organization or of any groups with which I may happen to be connected.

In appearing before this committee approximately one year ago I expressed frankly my personal belief that a few States then needed Federal assistance in meeting their unemployment relief needs, and that within a short time more States would reach a point in the exhaustion of their internal resources which would make such assistance necessary. I also expressed general approval of the Costigan-La Follette bill then under consideration. Since that time nothing has occurred which would justify a change in the general opinions then expressed. Few persons now question the need for Federal assistance in unemployment relief, although there may still be some difference of opinion as to whether such assistance should be entirely in the form of loans, advances, or direct grants to the States. As far as the bill then being considered was concerned (and I believe the present Costigan-La Follette bill is basically the same), approval of its principles by myself and other social workers was based upon careful preliminary study of the way in which Federal assistance should be given, and subsequent experience has only strengthened my conviction as to the soundness of those principles.

I wish to express frankly however my own doubt as to the wisdom of passing the present bill, which would terminate immediately the unemployment relief activities of the Reconstruction Finance Corporation, during the current session of Congress.

In one way, that is more or less academic because I have heard frequent expressions of opinion that there is comparatively little likelihood that such a bill can pass within the present Congress. Nevertheless, while I feel that I should state my own opinion that we must very quickly get to the principle of grants, I do have doubts as to an immediate scrapping of the present system.

Later in this statement I shall give my reasons for these doubts, and I shall then express also my strong conviction as to the sort of leadership which is necessary, but is not now available, as a part of Federal participation in meeting our increasingly serious unemployment situation.

I should like first, however, to give you a very brief and necessarily incomplete analysis of what has been going on during the last six months, in the light of the principles which I believe should govern the administration of Federal aid for unemployment relief. The emergency relief and construction act of 1932 has been in effect for not quite one-quarter of its 2-year period; during which time approximately one-third of the \$300,000,000 appropriated for the entire period has been made available in loans or advances to States and communities. In any analysis of the operations of this division of the Reconstruction Finance Corporation, I am sure you will agree that the constructive aspects of the work which has been done should be given a place in the picture. If it meets with the approval of the committee I should like at this time to introduce into the record, to follow my statement, a short article by Mr. Russell R

Kurtz, entitled "American Relief Caravan," which I understand is to appear in the next Mid-Monthly Survey.

The CHAIRMAN. That may be incorporated in the record following Mr. Swift's testimony.

Mr. SWIFT. Mr. Kurtz, by the way, is employed by the charity organization department of the Russell Sage Foundation and has for the past year or two been surveying unemployment-relief conditions throughout the country.

While it leaves out many negative aspects, I believe that this article presents a fair picture of some of the accomplishments which have actually taken place under the unemployment-relief division of the Reconstruction Finance Corporation.

I think there are many ways in which the operation of the emergency relief act could be improved, including amendments to the act itself. There are other things which are necessary but which can not be done under the Reconstruction Finance Corporation. But I think we must also say that on the whole a good job has been done by Mr. Croxton and his staff in the unemployment-relief division in developing data from the States regarding unemployment relief needs and resources, and in encouraging informally an improvement in administrative standards in unemployment relief.

Senator COSTIGAN. Have you investigated that data, Mr. Swift?

Mr. SWIFT. I have not investigated them in the offices of the R. F. C.; no.

Senator COSTIGAN. You know the methods?

Mr. SWIFT. I have seen some of them and know something of the methods.

Senator COSTIGAN. But not the results.

Mr. SWIFT. Not so much of the results, and one thing I do not know is the original applications, what the original applications have contained. I do not know the whole process of negotiation which has resulted in the final decisions.

Senator COSTIGAN. Is there any reason why those data should not be made public?

Mr. SWIFT. I have never thought particularly about that. There might be some reason from the standpoint of the communities and the States themselves because of the characterizations which may be necessary in some community situations, but off-hand, outside of that, I should see no great reason why they should not be.

In both of these aspects of the problem, the staff of the Reconstruction Finance Corporation have gone a long way in following the principles back of the Costigan-La Follette bill.

There are other aspects of the problem, however, in which it is evident that the procedure under the Reconstruction Finance Corporation is inadequate. In the first place, I believe that we have about reached the limit of usefulness of any system of loans, or of advances which must be repaid. The Federal Government has not yet directly appropriated any money for unemployment relief; what we have had so far represents entirely money borrowed by the States or money diverted from their road funds. In any future provision by the Federal Government, I believe that the administrative authority should have wide discretion in allocating Federal funds as loans, as grants in aid to match local or State funds, or as direct grants, depending upon the differing situations which exist. For anything except

loans, I do not believe that the Reconstruction Finance Corporation, for obvious reasons, is the proper administrative body, and new machinery such as provided in Senate bill 5125 must be set up.

Senator COSTIGAN. If it does not interrupt your statement, may I ask whether you think States which were given loans would be satisfied to see other States receive grants?

Mr. SWIFT. Well, of course, that would be a mere matter of opinion on my part. I can not tell what a State legislature would think or what a governor would think.

I think that as far as the enactment of your bill is concerned coming after the present loan procedure, under the terms of your bill 40 per cent is distributed to all of the States, so that they would not be discriminated against because they had received a loan or because they had expended their own money in the form of a loan from the Federal Government. I should think the only basis for a feeling of discrimination would be in case the administrative body, whether it be the board set up in your bill or the Reconstruction Finance Corporation did not explore the possibility of the use of State resources as fully in one State as in another State.

While the staff of the emergency relief division of the Reconstruction Finance Corporation has endeavored informally to assist in the development of adequate standards in local and State administration of Federal relief loans, I believe that the authority for the setting of minimum requirements should be vested frankly in the Federal administration, and not left as an informal and unauthorized activity, of which, by the way, there can be little or no record because it is informal and unauthorized. Such authority is contained in your present bill; questions have been raised as to whether it can accompany any procedure based solely upon loans.

I believe also that there should be a specific provision, contained neither in your bill nor in the emergency relief and construction act, authorizing the use of a portion of Federal funds for State and local administrative machinery.

I should say, by the way, that I do not believe that, although the use of a portion of Federal funds for administrative purposes should be directly authorized, there should be any fixed percentage set. I think that that should be left to the discretion of the Federal administrative body in consultation with the States.

Here, perhaps even more than in appropriations for direct relief itself, the principle of matching State appropriations for administrative purposes may be of value, in encouraging the establishment of adequate administrative machinery by the States. Although in the present emergency relief act there is no prohibition against the use of Federal funds in meeting the costs of administration, the lack of any State's policy along these lines results in such confusion and misunderstanding and serious inadequacies in State and local administration.

A serious situation exists also because of the lack of any clear and consistent policy in the use of Federal funds for relief of homeless and transient individuals and families. I recognize the difficulties which would arise from any policy which might encourage irresponsible wandering of unemployed and transient groups, but nevertheless we must recognize that there are hundreds of thousands of individuals who because of the requirements of our modern industrial civilization have lost their claims upon any community or State, but toward

whom the Federal Government has a direct responsibility as citizens of the United States. No discrimination against them should be allowed in the use of Federal funds. If States and communities can not be required to provide for them from funds now being advanced by the Federal Government, because of the claim that such funds are merely loans and therefore represent State rather than Federal appropriations, direct Federal provision should be made. On this account I strongly approve section 9 (b) of Senate file 5125 which makes such direct provision, and gives wide discretion in its administration.

I also like very much the provision in your bill which requires that provision shall be made for those in need of relief irrespective of residence, and I see no reason why such a provision could not be incorporated in the present emergency reconstruction and relief act.

I should like to say at this point, also, and this is an interpolation, that I indorse quite thoroughly all that was said this morning by Mr. Bane with regard to some of the results of the making of short-time grants. Among the reasons for that policy may be the fact to which Mr. Bane referred, that many governors who are responsible for the administration of the funds were going out of office on January 1, and also the desire to stimulate State appropriations in current legislative sessions. Recognizing, however, whatever purposes may have been behind that policy, it most assuredly has resulted in an uncertainty in the administration of funds by the States themselves due to the impossibility of employing for any stated period of time the necessary personnel, and that uncertainty has also extended right down through to local administration and has meant that it has been almost impossible to tell at any given time that a given group of employees could be kept more than a month or two, and also that there has been no assurance that certain standards of relief that might be adequate or inadequate would be continued for more than a very limited period of time. It creates a psychological situation which, on the whole, is exceedingly unfortunate.

I also, perhaps not recognizing all of the reasons which may have lain behind the procedure, do not like the use of Section E in Title I of the emergency relief and reconstruction act. It has meant that the Federal Government has crossed State lines and dealt directly with local governmental units, whereas I believe that in these matters it should deal only with the States. Of course, the approval of the governors has been obtained for this procedure, but in many instances I am sure that this approval has been merely nominal.

Senator COSTIGAN. What harm has resulted from this procedure?

Mr. SWIFT. Outside of the principle involved, I believe it tends to delay or hamper the development of State responsibility and of a State relief program. I understand, however, that Section E is being used much less recently than in the beginning.

From the foregoing it will be seen that while the emergency reconstruction act has gone a considerable distance in meeting unemployment relief needs, in many other respects it is inadequate. Its greatest inadequacy, however, lies in its failure to provide the positive, far-seeing, and constructive leadership which is absolutely essential from the Federal Government in meeting the needs of the Nation in unemployment and unemployment relief. To provide such leadership in the Federal Government, the responsible board should be composed of persons with special qualifications for study and analysis of

the whole unemployment relief problem, giving their entire time to the task, and charged with responsibility for more than the mere allocation of funds. Such a board is provided in your bill.

During the past year we have seen a progressive deterioration in the standards of relief giving in many communities. With the increasing use of the "commissary plan" of giving relief—recognizing real improvements in the plan in some communities—we are descending to a basis where millions of people in America are living on daily rations, frequently so inadequate and so destructive of human values that if the system were described as that of some other nation, such as Russia, we should be horrified by it. In our attempt to "get by" in relief with as little cost as possible, we are too frequently eliminating those personal services to the unemployed which are absolutely essential for the prevention of discouragement, loss of family morale, and deterioration of working ability.

At this point I should like to read a statement from a business man, Mr. Louis A. Kirstein, of Filene's, in Boston:

We do not wish to come out of this depression with our people totally broken in spirit and morale—with a permanent sense of dependence and hopelessness. We want the unemployed to return to industry not only for humanitarian reasons but because, as business men, we must be vitally interested in a community of self-sufficient, independent, proud, and happy people. We will never have real prosperity if confidence is permanently shaken and if a large section of the community becomes demoralized. I therefore appeal to enlightened self-interest to enable the social agencies of our communities to maintain a trained social work personnel who have developed the skill of giving aid to people without permanently damaging their spirit and their morale. Let us remember that our social agencies can be efficient, humanitarian, economical only to the extent that our personnel possesses these qualities.

That is an admonition coming from a business man which we have been too frequently neglecting and are more and more leaving out of the picture.

I only wish that those who are reasonably well satisfied with the basis upon which relief is being given over the country at the present time could confine themselves to living upon a package ration issued once a week, and sometimes once in two weeks, which is not merely inadequate but which, in many communities, is so made up that if you do not like to eat macaroni you have to eat macaroni. If you do not like potatoes in a particular quantity, you have to have that quantity of potatoes. It is a rationing form on the worst possible basis as far as my own feeling is concerned.

If it is impossible for us to place ourselves upon those rations, I only wish that some of those who are satisfied with our present standards of relief giving, could go down among the people who are receiving those rations daily, who have no leeway whatever in their ability to obtain the material things which mean at least a minimum satisfaction in life; no cash to spend; no possibility of paying small bills that people must incur from time to time, and see the utter breakdown of pride that gradually occurs under a situation of that sort.

It would not mean so much perhaps if this were, what we have so fondly considered it to be up to very nearly the present time, merely an emergency, but when you continue that sort of a system with millions of persons month after month, and in so far as it is a period of three years now, and will be longer, year after year, you are

facing a serious consequence so far as the morale of a large section of the American people is concerned.

The CHAIRMAN. Have you any information as to whether these rations are balanced or not?

Mr. SWIFT. There is, I think, an attempt to balance the rations, but the trouble is—

The CHAIRMAN. How successful has it been?

Mr. SWIFT. I think that from the standpoint of what you might call the average person, the average man, or the average family, there may actually be a fairly successful attempt at balancing the rations, but the trouble is there is no such thing as the average man or the average family. I like beans. You like macaroni and some one else like potatoes. I do not know exactly how you are going to average that, and that is the difficulty with any standard, balanced ration which is issued without differentiation to a large group of people.

Senator COSTIGAN. You referred to the commissary plan. Have you defined that in your statement?

Mr. SWIFT. I have not defined that in my statement.

Senator COSTIGAN. To what do you refer?

Mr. SWIFT. It refers in general to the system whereby a central storehouse, or a central distributing depot, is established which is stocked with large quantities of groceries, different types of food, and other articles, which are to be given out as relief. In some instances, considerable elasticity is worked out in the plan. In many instances, however, standard packages are made up which are varied only in size according to the size of the family and which usually are supposed to last the family for a week. In some instances the packages are supposed to last for two weeks. I have even known of a number of instances where bread was distributed with the mistaken idea that it could be used for two weeks.

Senator COSTIGAN. Are these packages distributed for scrip bills by those who are in need?

Mr. SWIFT. That is sometimes done as part of a work relief plan. They are usually, however, distributed upon orders from the relief distributing agency and given to the family.

Senator COSTIGAN. How widely is the commissary plan now being used?

Mr. SWIFT. It is difficult to say to just what extent it is in general operation at the present time because the use of the plan varies very widely and different types of commissary plans obtain wide circulation and, half the time, you will find them being adopted long after the city which has originally worked out the plan has abandoned it as impracticable.

Senator COSTIGAN. The plan easily lends itself to standardized packages.

Mr. SWIFT. The plan easily lends itself to standardized packages; yes. It easily lends itself to misunderstandings as to economy of operation.

Actually, in a number of tests which have been made, where the best measures of economy have been adopted in the administration of relief upon a more elastic basis, adapted to the needs of the individual families, where that has been done under the best measures of economy, the difference in cost as between the commissary plan and

other plans is very slight and certainly is not a fraction of the value which is obtained in human values to the families themselves.

In saying this I am not necessarily criticizing those who are responsible for local and State programs; the whole process is merely a part of the current hysteria which is causing a further reduction of purchasing power and standards of living through the wholesale cutting of wages and salaries and other deflationist measures.

Nor is any consistent attention being given from a national standpoint to the increasingly serious local and State taxation difficulties, because of which many local governments are approaching bankruptcy with a resultant inability to meet any substantial part of their relief needs. It is impossible to work out any real program for relief, local or State or national, without considering all of these aspects of the problem. The Reconstruction Finance Corporation is obviously not the body to offer such leadership. Perhaps it could come from the board set up in Senate bill 5125, but I am inclined to believe that it would require a broadening of the charge to that board, directing it to study and report upon these and other aspects of an unemployment relief program.

Although for the foregoing reasons I am convinced that the present system of Federal relief loans and advances is or will soon be inadequate, I should hesitate to see Senate bill 5125 passed immediately, for the following reasons, among others:

First. Its provisions would have to be initiated, and the new Federal Emergency Relief Board appointed, by an administration which is shortly going out of office and which would be largely unsympathetic to the purposes of the act. I had rather see the act passed early in the special session of Congress which seems inevitable this spring, and it would then be put into effect by the new administration.

Second. I should dislike to see the activities of the unemployment relief division of the Reconstruction Finance Corporation suddenly discontinued during the next two months, as provided in this bill, before those activities have been given their final test. Some 40 State legislatures are now in session. A large part of the procedure of the Reconstruction Finance Corporation has been directed toward encouraging direct State appropriations during these legislative sessions; eliminating Reconstruction Finance Corporation activities now and making Federal grants immediately and universally available might offer an actual or apparent excuse for failure by the States to take action.

Third. Passage of this bill now might give some basis for later claims that the present system had not been given a fair trial, resulting in dissatisfaction, which would not exist if the bill were passed later in the spring.

In the meantime, I believe that the terms of the emergency relief and construction act itself and the procedures under it can be so amended and liberalized as to meet unemployment relief needs with reasonable adequacy during the rest of the life of the present Federal administration. During this interim I wish that it were possible either through setting up a body which might later become the Federal board provided in Senate bill 5125, or through a committee of the Senate, to provide authoritative leadership in a study of the complicated problems of standards of relief, standards of living, unemployment trends, and the coordination of local, State, and Federal

taxation, as a necessary basis for any consistent unemployment relief program. With such planning in advance of the setting up of new machinery for the administration of Federal funds, there might be greater hope of a program which would afford the country the positive leadership so greatly needed.

The CHAIRMAN. You referred to the drastic decline in relief standards. Have you any data on that subject?

Mr. SWIFT. I am afraid that I have nothing which I could give to you here, Senator. For one thing, I have been laid up for the past week with the thing which is familiar to many of us now, a touch of the grippe, and for another thing I have felt less concerned over providing myself with such data because I know that you are to get it later from others who are appearing before the committee and who have consulted the same sources which I would consult. I can only give you my general impression to that effect from the data which I have seen and from my own general impressions from talking with many people from different parts of the country.

The CHAIRMAN. Have you anything further to add to your statement?

Mr. SWIFT. I have no further statement to make, except that some of the points of view which I have expressed would probably be met if your bill were passed only at the very end of the present session of Congress, since the proposed board would then be appointed by the incoming President and the State legislatures will also have had two months in which to take the actions urged by the Reconstruction Finance Corporation.

The CHAIRMAN. Thank you very much, Mr. Swift.

(The article referred to in Mr. Swift's remarks is printed in full as follows:)

AMERICAN RELIEF CARAVAN

(By Russell R. Kurtz from the "Mid-monthly Survey")

From the emergency relief division of the Reconstruction Finance Corporation there issued last month a letter and set of accounting forms that puts teeth into the oft-repeated warning of the corporation that "it is plainly the intent of the emergency relief and construction act of 1932 that funds shall be made available by the Reconstruction Finance Corporation not in lieu of but merely supplemental to local and State funds and private contributions."

This letter in effect says to the governors of the States that have received aid through the corporation since the act was passed last July, "An accounting is now in order. If you are expecting to come before the corporation for further help after January 1, 1933, tell us now how the money which you have received so far has been spent." Nothing unusual in this. But then comes the paragraph with the punch: "Many States have regular or special sessions of their legislature in prospect by which State and local relief funds can be made available. Therefore, an outline of the legislative program to produce this result is especially important in order that the Reconstruction Finance Corporation may determine its course of action."

Thus does the corporation point up the philosophy under which it has been making available to States the emergency relief funds put at its disposal by Congress. The amount appropriated, \$300,000,000, "in accordance with the wording of the act, shall, until the expiration of two years after the date of enactment of this act, be available for payment to the governors of the several States and Territories for the purposes of this section, upon application therefor by them in accordance with subsection (c), and upon approval of such applications by the corporation." It has not been administered by the Reconstruction Finance Corporation, however, with the idea that it must cover a 2-year or any definite period but upon the basis of need which could not otherwise be met as certified by the governors of the several States.

Whether or not this philosophy of supplementation to State and local effort is the proper one for the Federal Government to operate under in the relief of unemployment is a question upon which there are sharp differences of opinion. Edith Abbot has forcefully stated the case of the conscientious objectors in a late number of the New Republic. These and other aspects of national unemployment, moreover, will be judicially examined by last winter's social work steering committee, reconstituted under the sponsorship of the American Association of Social Workers as the committee on Federal action on unemployment. Much will be said on both sides of this subject before the winter is over. It may be pertinent, therefore, to record one observer's impressions as to how the present set-up functions, without attempting to compare it with any of the other methods that have been or may be proposed.

The activity in the office of the emergency relief division of the Reconstruction Finance Corporation, over which Fred C. Croxton presides as assistant to the directors, is strongly reminiscent of that which is found in the community-fund offices at budget-approving time. Hither come the governors' representatives with applications for funds with which the relief programs in their communities may be continued. The data are set up under three general headings; past expenditures and practice, current needs and resources, future outlook and plans. Supporting tabulations for each county or city for which funds are asked accompany the application. Occasionally requests are made for grants to cover six months or a year in advance, but the policy of the corporation has been to limit its approvals to shorter periods, pending the completion of chest drives and the arrival of States' legislative periods. Stressing the emergency and supplementary nature of its aid, it has required such applications to undergo a revision. Frequently applications have been made without careful analysis of the need and available local resources and here, too, a revamping has had to be ordered. The analogy with chest procedure is heightened by the degree of informality which pervades these budget-revising activities. Round-table methods are used and agreements reached step by step.

The corporation has no arbitrary standards of relief to which it asks the States to conform. Past performance in the various localities is taken as the base upon which the joint program is built. Should this performance appear to approximate the need, the Reconstruction Finance Corporation goes along with the local group in continuing on this basis with the aid of Federal funds. Wide variations from past levels, on either the up or down side, are questioned. And where the traditional relief levels seem inadequate by comparison with similar situations elsewhere, the corporation may be found persuading the community to increase the amount asked for.

In the matter of local administration of relief funds, the corporation allows itself a freer expression as to required standards. In almost all of the 35 States which have received Reconstruction Finance Corporation funds, State relief administrations have been set up or designated upon the advice of the corporation. In some instances, these are the State welfare departments, in others specially designated State boards, and in still others, emergency committees. And behind the State relief administration stands a large and rapidly increasing group of county relief committees, brought into being in many States through corporation suggestions.

From the first, the phrase "including the cost of local relief administration" has qualified the corporation definition of relief. An impressive mass of evidence is appearing in all parts of the country as to the alertness which State relief administrations have shown in translating this policy into action in certain of their backward communities. "This is Federal money you are spending," they have said to local relief officials, "and it can not be wasted or handed out without proper investigation as to need. Provide yourselves with adequate and competent staffs." Frequently they go further and place the local units under the supervision of field workers on the State staff—an almost revolutionary step in some mid-western communities. Illustrations of this sort of development are reported from time to time in the unemployment and community action department of this journal.

Compilation of the data required in support of the application for funds has been a profitable activity in most counties. Many a community has received its first composite photograph of the local unemployment situation by going through this painful exercise in self-examination. In the larger centers, where social statistics are commonplace, amazingly complete documents have been prepared, replete with tables, charts, and other illuminating addenda.

We often accuse ourselves of tolerating chaotic relief conditions in this country, yet a pattern seems to be emerging. It is a pattern of county units woven into a State fabric of relief administration which promises to have more than a fleeting existence.

Federal aid has been a stimulus to the weaving of this fabric and has been providing an increasing portion of the material from which it has been woven. Now, with legislatures meeting in 40 State capitals, a check-up is being made to see that there is no let down in local activity. The emergency relief and construction act puts the obligation upon the States to make sure that their resources "including moneys then available and which can be made available by the State, its political subdivisions, and private contributions, are inadequate to meet its relief needs" before certifying the necessity for Federal funds. The emphasis is now being placed upon the words "which can be made available."

And so the American Relief Caravan—composed of local, State, and national forces, functioning each in its allotted turn and sphere—moves on. Congress, the social work fraternity, or even the R. F. C. itself may change its pace if not its course. Whither is it headed?

STATEMENT OF DR. EMMA A. WINSLOW, DIRECTOR OF SOCIAL STATISTICS, UNITED STATES CHILDREN'S BUREAU, WASHINGTON.

The CHAIRMAN. Doctor Winslow, please give your full name, address, and present position to the reporter for the record.

Doctor WINSLOW. My name is Emma A. Winslow, director of social statistics, United States Children's Bureau, here in Washington.

The CHAIRMAN. Doctor Winslow, the committee would be very grateful if you would submit for its consideration the statistical data which you have together with any preliminary or explanatory statement which you might care to make.

Doctor WINSLOW. I have assembled for presentation to the committee certain material showing the amount expended for different types of relief, and the number of families aided in cities throughout the United States.

I also have figures showing the relative extent of the financing from public and private funds which I thought might be of interest to you, and certain material showing annual expenditures for the administration of relief in certain cities and the trend in administrative costs in comparison with the trend of the increase in relief.

I also have data on trends in the number of meals and lodgings provided for the homeless and transients in certain cities, and certain material showing trends in certain health and social services which may be of interest in providing substantiating data for some of the material which Mr. Billikopf discussed this morning.

I will follow this general plan of presentation if it meets with the approval of the committee.

The CHAIRMAN. We will be glad to have you proceed in your own way.

Doctor WINSLOW. The material on the subject of relief expenditures and cases is compiled in the Children's Bureau from reports which come to us each month from about 1,000 public and private relieving agencies in 127 cities. They are all cities of 50,000 population and over which have been cooperating either with the Children's Bureau or, until last January, with the Russell Sage Foundation, in the forwarding of data on relief expenditures and cases aided.

At the hearings last year summaries of the findings and the data collected by the Russell Sage Foundation were submitted to the com-

mittee by Mr. Hurlin. Through the courtesy of the Russell Sage Foundation this material has been made available for the use of the Children's Bureau, and since last January we have been collecting and compiling statistics for a larger group of cities than was previously covered in our statistical summaries.

We publish each month a Monthly Relief Bulletin and I have copies here of the issue which contains data on expenditures and cases aided in October. As yet, the October figures are the most recent material which we have. To-morrow, we are tabulating the reports which have been coming to our office showing expenditures in November. The November summaries will be available within a week and I shall be glad to forward summaries for use as a supplement to the October figures presented to-day.

I would like to speak first of the changes in expenditures for different types of relief as shown in Table 1.

TABLE 1.—Amount expended for different types of relief by 997 agencies or divisions of departments in 127 cities and city areas in October, 1932, and comparison with September, 1932, and October, 1931

Type of relief and administrative agency	Number of reports	Amount expended			Per cent increase (+) or decrease (-)	
		October, 1931	September, 1932	October, 1932	September, 1932, to October, 1932	October, 1931, to October, 1932
Total relief.....	997	\$12,593,484	\$22,882,136	\$23,748,956	+3.8	+88.6
General relief.....	693	7,480,573	15,405,757	16,267,197	+5.5	+117.3
General public relief:						
County departments....	43	943,992	4,366,571	3,906,060	-10.5	+313.8
City departments.....	84	2,887,341	5,662,571	6,891,546	+21.7	+138.7
Veterans' relief:						
Public departments....	39	714,780	880,887	916,632	+4.1	+28.2
Private agencies.....	82	59,742	70,039	68,501	-2.2	+14.7
Emergency-relief committees.....	35	119,802	382,137	359,873	-5.8	+200.4
Nonsectarian family societies.....	131	1,929,778	3,082,897	3,087,338	+0.1	+60.0
Jewish agencies.....	64	299,337	401,048	382,887	-4.5	+27.9
Catholic agencies.....	51	311,099	309,675	380,647	+22.9	+22.4
Salvation Army.....	88	128,465	148,721	147,593	-0.8	+14.9
Other.....	76	86,237	101,211	116,120	+14.7	+34.7
Special allowances from public funds.....	180	3,033,339	3,404,822	3,476,431	+2.1	+14.6
Mothers' aid.....	93	1,871,496	1,927,667	1,952,068	+1.3	+4.3
Old-age relief.....	34	1,013,521	1,307,952	1,353,342	+3.6	+33.7
Aid for the blind.....	53	148,322	169,173	169,021	-0.1	+14.0
Work relief.....	124	2,079,572	4,071,557	4,015,328	-1.4	+93.1
Public departments.....	73	1,732,014	3,063,879	3,387,479	+10.6	+95.6
Private agencies.....	51	347,558	1,007,678	627,849	-37.7	+80.6

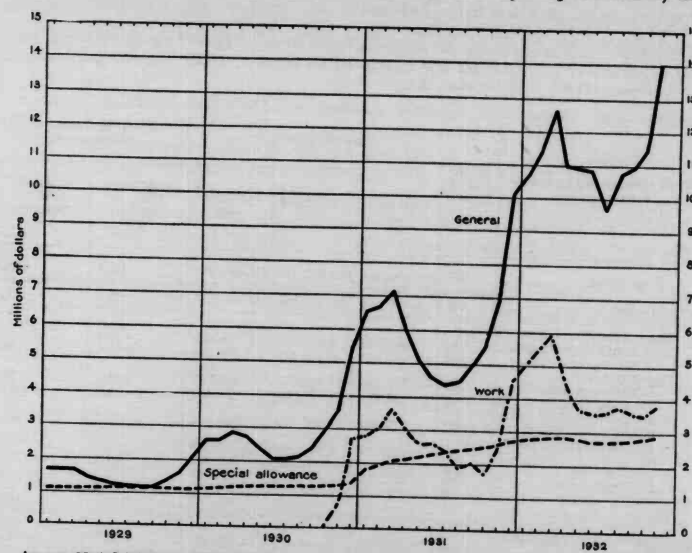
We present each month figures on amounts expended for different types of relief during the preceding month and during the corresponding month in 1931, so that we can tell whether there has been an upward tendency in comparison with the previous month and how large is the increase in comparison with the preceding year.

The total expenditure for relief in October, as reported by 997 agencies in 127 cities was 88.6 per cent above the amount expended in October, 1931, and 3.8 per cent above the amount expended in September, 1932.

We also analyze our returns with reference to the administrative agency and the type of relief, so that we can determine the amount of variation in upward tendency according to the type of relief required.

In one section of our summary table we show the trends in various forms of general relief as distinct from special allowances from public funds and work relief. Under this heading we include general public relief administered by county departments and city departments, veterans' relief, and direct relief provided by emergency-relief committees, nonsectarian family societies, Jewish agencies, Catholic agencies, the Salvation Army, school relief, and various special types of relief. A wide range of variation is shown in the rate at which these different types of relief have increased.

The most striking rise during the last year has occurred in the expenditures for general public relief by county departments, and



Amount of Relief—247 General, 87 Special-Allowance, and 50 Work-Relief Agencies—January, 1929, to November, 1932

we have been much interested in noting the increased responsibility placed on the county unit for financing and administering relief work under the influence of the State programs which have been developed.

The CHAIRMAN. Did you mean to say, Doctor Winslow, that the expenditures for county departments had increased in October over the city departments?

Doctor WINSLOW. Both of them increased between October, 1931, and October, 1932, but the rise in relief by county departments is especially striking. For county departments the increase amounted to 313.8 per cent and for city departments, 138.7 per cent. The major increase has been in the expenditures for general relief by the two types of public departments.

The relatively small expenditures of emergency-relief committees increased about 200 per cent between October, 1931, and October,

1932, but the October expenditure this year was less than in September.

The expenditures of private agencies increased much less between September and October than the expenditures of public departments. The rise was also less than took place in the expenditures of public departments between October, 1931, and October, 1932.

We have been much interested also in observing the different trend indicated for relief provided in the form of special allowances from public funds (mothers' aid, old-age relief, and aid for the blind). Such relief has risen much less rapidly than general public relief, but shows a steady upward trend.

Work relief expenditures in October were larger than in the corresponding month of 1931, but the total was slightly less than in September, 1932.

The monthly changes in expenditures in general relief, special allowances, and work relief are shown in graphic form for the period since January, 1929, in the chart which I am presenting. It is obvious from the chart that each year the tendency has been toward rapid increase from October through the following March, and that since 1929 the high and low points in the expenditure of each successive year have been far above the corresponding period in the preceding year. The result is a very large cumulative increase.

We have recently been compiling in the Children's Bureau certain summaries showing the changes in relief expenditures since January, 1931, as reported for the same group of agencies. (Table 2.)

TABLE 2.—Amount expended from public and private funds for relief provided by 985 agencies in 108 cities of 50,000 or more population from January, 1931, to September, 1932

Year and month	Amount expended				
	Total	Public funds			Private funds
		Total	General and work relief	Special allowances	
1931: January-September.....	\$117,607,174	\$84,440,827	\$60,729,437	\$23,711,390	\$33,166,347
1931: January-December.....	168,090,900	119,948,795	86,938,355	33,010,440	48,142,105
January.....	13,929,586	9,106,576	6,875,045	2,231,531	4,823,010
February.....	14,716,170	9,443,743	7,130,550	2,313,193	5,272,427
March.....	16,179,410	10,082,216	7,599,076	2,483,140	6,097,194
April.....	13,833,380	9,258,578	6,685,847	2,572,731	4,574,802
May.....	12,411,341	9,167,207	6,494,896	2,672,312	3,244,134
June.....	11,717,027	9,133,771	6,352,067	2,781,704	2,583,256
July.....	11,639,278	9,431,643	6,588,528	2,843,115	2,207,635
August.....	11,203,050	9,110,891	6,227,611	2,883,280	2,092,159
September.....	11,977,932	9,706,202	6,775,818	2,930,384	2,271,730
October.....	12,708,122	9,900,671	6,893,370	3,007,301	2,807,451
November.....	15,461,157	11,318,791	8,249,319	3,069,472	4,142,366
December.....	22,314,447	14,288,506	11,066,229	3,222,277	8,025,941
1932: January-September.....	215,646,590	171,367,465	141,141,598	30,225,867	44,279,125
January.....	23,762,467	15,068,851	11,813,598	3,255,253	8,693,616
February.....	26,036,524	18,830,900	15,523,354	3,307,546	7,205,624
March.....	28,900,736	21,513,711	18,113,843	3,399,868	7,387,025
April.....	24,399,736	19,184,945	15,764,028	3,420,917	5,214,791
May.....	23,068,424	19,322,376	15,965,373	3,357,003	3,746,048
June.....	22,824,616	19,554,798	16,149,718	3,405,080	3,269,818
July.....	21,081,309	18,560,649	15,243,324	3,316,325	2,611,600
August.....	22,620,703	19,481,475	16,113,405	3,368,070	3,139,228
September.....	22,952,075	19,840,760	16,454,955	3,385,805	3,111,315

During the first nine months of 1931, a group of 985 agencies in 108 cities, from which comparable reports are now available covering the period from January through September, 1932, expended a total of \$117,607,174. During the same months in 1932, these agencies expended \$215,646,590, an increase of 83.4 per cent.

For general relief, the increase for this 9-month period was from \$68,709,667 to \$138,575,570, an increase of 101.7 per cent.

Special allowances from public funds, mothers' aid, old-age relief, and aid for the blind, increased less rapidly, from \$23,711,390 to \$30,225,867, or 27.5 per cent.

For work relief we have only the figures for specially organized relief as separate reports are not available for a considerable amount of work relief provided as an integral part of the relief work of general public departments. The increase was from \$25,186,117—

The CHAIRMAN. In what year, please?

Doctor WINSLOW. In the first nine months of 1931 compared to \$46,845,153 in the first nine months of 1932, an increase of 86 per cent.

We have also prepared certain estimates showing the probable expenditures during the last three months of 1932 on the basis of the increase in these various types of relief between the first nine months of 1931 and the first nine months of 1932. These estimates plus the reported expenditure for the first nine months indicate an expenditure for this group of 108 cities of about \$308,000,000 during the year 1932.

The population in these cities is about 25 per cent of the total population of the United States.

As yet, except as we get certain figures from the State relief departments, we do not have information showing the relative expenditure per case in rural districts and in urban districts, but I am informed by the State administrators that the relief expenditure in certain rural districts is as high, in relation to population, as in the urban districts. It would seem to me, therefore, that if our figures for these 108 cities covering public and private relief amount to \$300,000,000, there would be likelihood that the total relief bill for the country as a whole would be well above a billion dollars for the year 1932.

Our figures for these 108 cities are as nearly complete as possible. We try to secure reports from public departments and for organized private relief in the various areas. While certain reports may be missing, I doubt if they will affect the city totals greatly. We are sure that approximately \$215,000,000 was spent in these areas through September 30, and I should think without doubt that the total for 1932 would run up to the figure which I have indicated. The increase in certain cities between the first nine months of 1931 and the first nine months of 1932 is shown in Table 3.

TABLE 3.—Amount expended for public and private relief in certain cities of 50,000 or more population during the first nine months of 1931 and 1932

State and city or city area	Number of agencies	Amount expended		
		January-September, 1931	January-September, 1932	Per cent increase (+), or decrease (-)
Alabama:				
Birmingham area.....	4	\$316,575	\$654,831	+106.8
Mobile.....	4	6,985	44,626	+538.9
California:				
Berkeley area.....	7	179,202	333,888	+86.3
Los Angeles area.....	10	7,722,645	5,527,372	-28.4
Oakland.....	8	1,050,497	1,448,186	+37.9
Sacramento area.....	9	252,646	309,453	+22.5
San Diego area.....	10	356,866	709,015	+98.7
Colorado: Denver area.....	12	248,397	850,228	+242.3
Connecticut:				
Hartford area.....	11	844,821	1,521,785	+80.1
New Britain.....	9	259,798	748,260	+188.0
New Haven area.....	12	731,508	1,077,179	+47.3
Delaware: Wilmington.....	13	319,306	958,974	+200.3
District of Columbia: Washington.....	14	347,219	931,584	+268.3
Florida: Jacksonville area.....	7	48,450	96,384	+98.8
Georgia: Atlanta area.....	7	182,226	427,996	+134.9
Illinois:				
Chicago:				
Cicero.....	18	7,924,743	25,715,565	+224.5
Evanston.....	6	56,627	210,974	+272.6
Oak Park.....	5	99,249	201,176	+102.7
Springfield area.....	4	11,980	31,903	+166.3
Indiana:				
Evansville area.....	5	224,210	422,113	+88.3
Port Wayne area.....	11	236,396	551,309	+133.2
Indianapolis.....	10	703,703	1,126,433	+60.1
South Bend.....	6	261,296	399,091	+52.7
Terre Haute.....	7	75,089	127,672	+70.0
Iowa: Sioux City.....	11	70,892	231,230	+226.2
Kansas:				
Kansas City.....	4	63,914	100,365	+57.0
Topeka.....	9	100,642	195,534	+94.3
Wichita.....	9	98,342	236,848	+140.8
Kentucky: Louisville.....	10	361,405	478,422	+32.4
Louisiana:				
New Orleans area.....	14	301,239	558,670	+85.5
Shreveport.....	9	45,820	41,502	-9.4
Maine: Portland.....	6	86,008	208,679	+142.6
Maryland: Baltimore.....	8	738,265	2,787,118	+277.5
Massachusetts:				
Boston.....	14	5,740,583	10,278,745	+79.1
Brockton.....	11	251,648	423,281	+68.2
Fall River.....	8	497,880	975,925	+96.0
Lawrence.....	8	220,857	524,035	+137.3
Lowell.....	7	489,026	612,304	+25.2
Lynn.....	10	524,857	846,234	+61.2
Malden.....	11	188,034	376,109	+100.0
New Bedford.....	8	583,321	899,376	+54.2
Springfield area.....	14	806,797	1,514,650	+87.7
Worcester.....	9	1,040,322	1,781,971	+71.3
Michigan:				
Detroit area.....	18	10,922,172	7,978,913	-26.9
Flint.....	5	370,912	611,114	+64.8
Grand Rapids area.....	8	625,089	1,036,796	+65.9
Pontiac area.....	7	396,295	716,303	+80.7
Saginaw.....	4	385,638	371,342	-3.7
Minnesota:				
Duluth.....	7	207,704	536,392	+158.2
Minneapolis area.....	11	793,407	2,122,040	+167.5
St. Paul area.....	12	400,586	933,446	+133.0
Missouri:				
Kansas City.....	12	763,508	2,385,461	+212.4
St. Louis area.....	13	965,604	2,017,248	+108.9
Nebraska: Omaha area.....	11	185,377	295,342	+59.3
New Jersey:				
Newark.....	11	1,516,920	3,016,776	+98.9
The Oranges.....	13	260,158	532,652	+104.7

¹Reports from 1 or more important agencies not included.

TABLE 3.—Amount expended for public and private relief in certain cities of 50,000 or more population during the first nine months of 1931 and 1932—Continued

State and city or city area	Number of agencies	Amount expended		
		January-September, 1931	January-September, 1932	Per cent increase (+), or decrease (-)
New York:				
Albany.....	13	\$357,046	\$394,905	+66.6
Buffalo area.....	21	3,629,340	7,962,657	+119.4
New Rochelle.....	8	45,310	298,129	+558.0
New York.....	26	30,599,397	58,402,804	+90.9
Niagara Falls.....	10	367,995	947,689	+157.5
Rochester.....	11	2,897,963	3,593,350	+24.0
Syracuse.....	13	842,134	2,097,472	+149.1
Utica area.....	14	365,431	973,134	+166.3
Yonkers.....	10	445,038	1,373,715	+208.7
North Carolina:				
Asheville.....	4	24,889	74,708	+200.2
Winston-Salem.....	2	60,282	44,466	-35.8
Ohio:				
Akron area.....	11	369,995	707,539	+91.2
Canton area.....	6	308,904	514,975	+69.5
Cincinnati area.....	16	1,340,081	2,873,114	+114.4
Cleveland area.....	9	2,944,272	4,703,332	+59.8
Columbus area.....	14	527,682	1,202,357	+127.9
Dayton area.....	11	491,897	852,729	+73.4
Toledo.....	6	986,168	994,292	+0.8
Oregon: Portland.....	8	1,015,694	2,078,090	+104.6
Pennsylvania:				
Allentown area.....	3	214,211	378,850	+76.9
Altoona.....	6	89,425	332,527	+271.9
Bethlehem area.....	5	241,663	175,102	-27.5
Chester area.....	11	126,213	442,574	+250.7
Erie area.....	7	260,926	612,589	+134.8
Lancaster.....	7	87,359	140,309	+60.6
Philadelphia.....	14	5,006,647	7,507,209	+33.9
Pittsburgh area.....	11	2,336,599	5,853,974	+151.8
Reading.....	12	325,069	986,522	+202.9
Scranton.....	5	240,155	406,855	+94.4
Wilkes-Barre area.....	5	363,422	943,902	+159.7
Rhode Island: Providence.....	12	751,032	1,456,158	+93.9
South Carolina: Charleston.....	5	11,769	18,892	+60.5
Tennessee:				
Knoxville area.....	5	62,413	142,496	+128.3
Memphis area.....	7	230,379	101,429	-56.0
Virginia:				
Norfolk area.....	11	40,313	56,928	+41.2
Roanoke.....	4	25,608	39,960	+56.0
Washington:				
Seattle area ¹	10	340,459	1,786,761	+424.8
Tacoma area.....	7	144,467	393,037	+172.1
Wisconsin:				
Kenosha area.....	8	276,181	580,967	+110.4
Madison area.....	6	138,791	337,933	+143.5
Milwaukee area.....	10	2,866,910	6,872,481	+139.7
Racine area.....	8	454,934	728,148	+60.1

¹ Reports from 1 or more important agencies not included.

I have also certain material showing for this group of agencies the total expenditure month by month since January, 1931.

The upper line on the diagram shows the total expended for all types of relief from public and private funds.

In January, 1931, about \$14,000,000 was expended. The highest amount expended was \$29,000,000, the peak point of March, 1932; during October about \$24,000,000. The drop in July was caused to a considerable extent by the discontinuance of much of the relief work in Philadelphia described by Mr. Billikopf this morning.

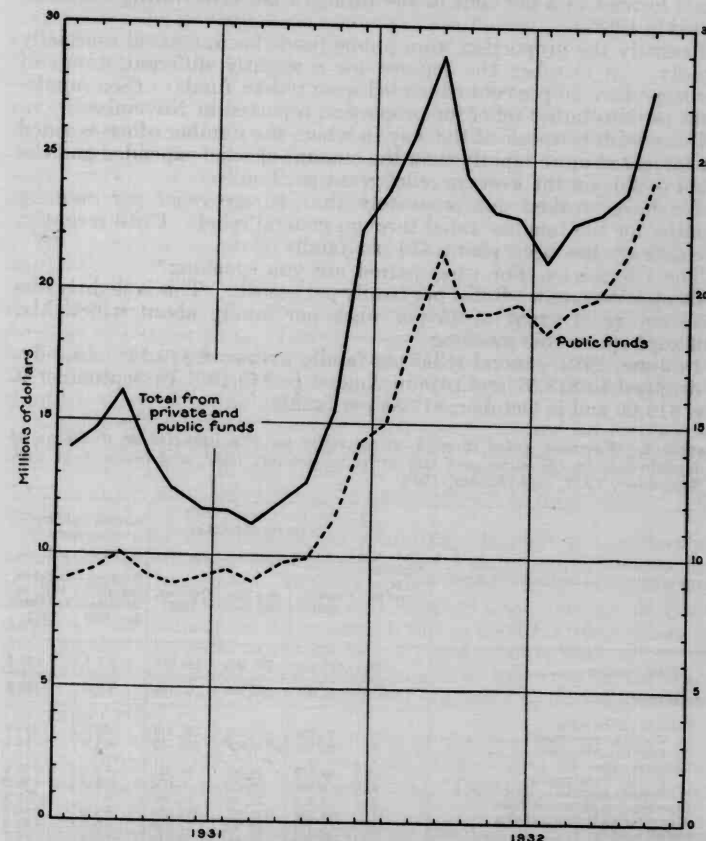
In a number of other places, the lack of available funds was reported in July, and a temporary reduction in relief expenditures. In August

the amount expended was about the same as in June, and a steady upward trend has continued.

Senator COSTIGAN. Does the solid line cover the combined public and private?

Doctor WINSLOW. Yes.

Senator COSTIGAN. Have you divided those expenditures so that you can submit to us what percentage is derived from each?



Amount of Relief from Public and from Private Funds—965 Agencies in 108 Cities

Doctor WINSLOW. I shall be glad to present a table showing this information by months. This dotted line [indicating] shows the amount that comes from public funds. The space between this line [indicating] and the total line shows the amount that comes from private funds.

I would be very glad if this chart could be reproduced in the record because I think it makes very graphic the tremendous increase since

January, 1931, in total amount expended for relief and the extent of the financing from public funds.

There has been, as is obvious from the figures on the chart, a bringing together of the amount spent from public funds and the total amount expended as public funds bear an increased proportion of the loan.

During the first nine months of 1931 expenditures from public funds formed 71.5 per cent of the total, 79 per cent during the same period in 1932.

Recently the proportion from public funds has increased especially rapidly. In October the reports for a slightly different group of agencies show 90 per cent expended from public funds. (See supplement on November relief for proportion reported in November.)

I also wish to speak of the way in which the number of cases aided has increased more rapidly than the amount of relief expended and the effect of this on the average relief grant per family.

We have worked out separately the average relief per case by months for the families aided through general relief. Until recently, the average has been about \$19 per family.

The CHAIRMAN. For what period are you speaking?

Doctor WINSLOW. Relief per family per month. This is slightly less than the relief grant of \$5 per week per family about which Mr. Billikopf spoke this morning.

In June, 1932, general relief per family averaged \$19.11. In July, it dropped to \$18.57 and rose in August to \$19.19. In September it was \$19.06 and in October, \$17.86 per family.

TABLE 4.—Families aided through direct relief by 778 agencies or divisions of departments in 127 cities and city areas in October, 1932, and comparison with September, 1932, and October, 1931

Type of relief and administrative agency	Number of reports	Number of families			Per cent increase (+) or decrease (-)	
		October, 1931	September, 1932	October, 1932	September, 1932, to October, 1932	October, 1931, to October, 1932
Total families.....	778	432,441	785,205	840,916	+7.1	+94.6
General relief.....	609	356,966	692,899	747,198	+7.8	+109.3
General public relief:						
County departments.....	31	69,054	173,298	197,219	+13.8	+185.6
City departments.....	58	98,210	219,926	238,755	+8.6	+143.1
Veterans' relief:						
Public departments.....	36	23,512	33,991	34,521	+1.6	+46.8
Private agencies.....	81	4,199	6,473	6,676	+3.1	+59.0
Emergency-relief committees.....	23	3,013	11,109	11,296	+1.7	+274.9
Nonsectarian family societies.....	111	94,895	175,752	184,430	+4.9	+94.4
Jewish agencies.....	63	8,478	12,763	12,656	-0.8	+49.3
Catholic agencies.....	49	21,402	22,492	23,048	+2.5	+7.7
Salvation Army.....	87	27,631	26,330	26,553	+0.8	-3.9
Other.....	70	6,572	10,765	12,044	+11.9	+83.3
Special allowances from public funds.....	169	75,475	92,306	93,718	+1.5	+24.2
Mothers' aid.....	90	38,823	42,204	42,910	+1.7	+10.5
Old-age relief.....	31	31,428	44,585	45,276	+1.5	+44.1
Aid for the blind.....	48	5,224	5,517	5,532	+0.3	+5.9

The amount of relief increased, as was shown in the chart, but the number of families increased even more rapidly in October (table 4). This seems to us very significant in relation to the probable future

situation this winter, if the more rapid rise in the number of families aided continues.

The average relief grant per family for mothers' aid is considerably higher than the average grant for the family receiving the general public relief. It has averaged about \$45 a month. This is supposed to take care of a widow and children in accordance with the standards which have been very carefully set down in the law with reference to the adequacy of the relief to be provided.

Old-age relief has averaged about \$27 per month. This is granted in relation to the care of an individual case.

For the blind, the average is about \$23.

I also wish to speak of certain material which we prepared showing the change in the amount expended for relief and for administration.

In our social statistics project in the Children's Bureau, we collect a considerable amount of detailed information on various phases of social work, and each year reports are forwarded from a number of agencies covering not only the amount expended for relief but the amount used for administration.

We have made a special analysis of these reports for the years 1930 and 1931.

In a group of 23 public agencies in 8 cities the amount expended for relief increased from about \$2,500,000 up to about \$5,500,000, an increase of 130 per cent. The expenses for administration, for salaries and the various overhead costs, within that time, increased from about \$270,000 to \$451,000, an increase of 67.5 per cent or considerably less than the increase in the amount of relief.

A group of 48 private agencies in 20 areas reported an increase of 113.9 per cent in relief expenditures and 25.7 per cent in administration costs. These figures indicate a significant lessening in the volume of the administrative services which are so important in connection with the provision of relief.

We have also collected in the Children's Bureau a considerable amount of information on the meals and lodgings provided to the transient and homeless. In the October Relief Bulletin appears a chart showing the trend of meals and lodgings since January of 1929. Again we find indication of the same trend in need for relief shown in the summaries of relief expenditures—a steady climb, with as yet no indication of a lessened requirement for aid of this type to the transient and homeless. (See November figures in supplement on November relief.)

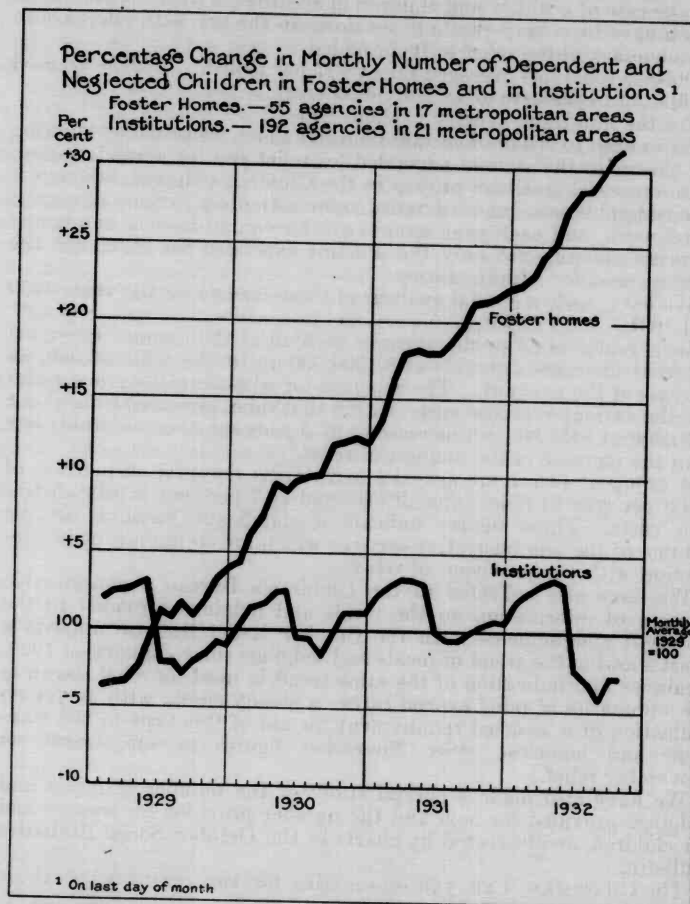
We have also made a special study of the number of meals and lodgings provided for men and the number provided for women and for children, as illustrated by charts in the October Social Statistics Bulletin.

The CHAIRMAN. Can you summarize for the record what those charts show?

Doctor WINSLOW. I would be very glad to. Seventy-three agencies in 20 cities reported that they provided 13,062,338 meals to the homeless and transient during the first nine months of 1932. Of these, 12,638,583 were provided to men and boys 16 years of age and over; 353,202 to women and girls 16 years of age and over, 70,553 to children under 16 years of age. Of a total of 4,300,985 night's lodgings provided during this period, 4,132,916 were to men and boys 16 years of age

and over; 135,552 to women and girls 16 years of age and over; and 32,517 to children under 16 years of age.

We also, as part of our social statistics study, have collected certain information on trends in the care of dependent and neglected children in institutions and in foster homes, we find, as was indicated by



Mr. Billikopf in his statement, a rapid increase in the volume of care of children in foster homes.

The chart shows for the period from January, 1929, to October, 1932, the change in comparison with the average for 1929 in the number of children under care in institutions on the last day of the month and the number under care in foster homes.

In 1929, the average monthly number of dependent, and neglected children under care in foster homes in these agencies reporting to us was 8,707. In 1930 it mounted to 9,548 and in 1931 it was 10,354. For the first 10 months of 1932, it was 10,889, or 27.0 per cent above the average for 1929. Recently the number of children in institutions has dropped sharply, following a slight upward trend since 1929. While these figures are for a comparatively small group, reports from agencies in all sections of the country are included. In all the reports is the same story of a larger number of children being taken care of in foster homes as one of the by-products of this difficult economic period.

We also have made certain studies showing the increase in the volume of free service in hospitals.

In 1929, a group of 71 hospitals in 10 cities reported that the percentage of days' care to free cases was 42.8. In 1930 it rose to 46 per cent, and to 52.2 in 1931.

The percentage of nursing visits to free cases increased from 52.7 in 1929 to 54.4 in 1930 and 58.3 in 1931.

As yet, we have not finished the compilations for 1932, but there is every indication of a continued rise in free service in hospitals and in the work of nursing organizations.

The only downward trend which we find in the social-registration statistics reported to the Children's Bureau, is in the amount of care given to children in day nurseries. This decrease is obviously related to the fact that home care can be provided because the mother is not working or because there are other unemployed persons in the family group who can take care of the children.

This completes the material which I have prepared for presentation here. I shall be glad to answer questions about it if you desire.

The CHAIRMAN. Thank you very much, Doctor Winslow.

SUPPLEMENTARY STATEMENT

NOVEMBER RELIEF

The beginning of a winter of unprecedented need for family relief and aid to the transient and homeless is indicated in the reports for the month of November forwarded to the United States Children's Bureau by public and private agencies in all sections of the country.

RELIEF IN 125 CITIES

In November the amount expended for relief by 993 agencies in 125 cities of 50,000 or more population totaled \$27,705,934. This expenditure was 16.2 per cent above the \$23,848,734 expended by the same agencies in the preceding month and 80.3 per cent above the \$15,365,182 expended for relief in November, 1931. (Table 1.)

TABLE 1.—Amount expended for different types of relief by 993 agencies or divisions of departments in 125 cities and city areas in November, 1932, and comparison with October, 1932, and November, 1931

Type of relief and administrative agency	Number of reports	Amount expended—			Per cent increase (+) or decrease (—)	
		November, 1931	October, 1932	November, 1932	October, 1932, to November, 1932	November, 1931, to November, 1932
Total relief.....	993	\$15,305,182	\$23,848,734	\$27,705,934	+16.2	+80.3
General relief.....	684	9,192,779	16,424,872	19,946,500	+21.4	+117.0
General public relief—						
County departments.....	41	1,273,265	3,966,835	5,553,909	+40.0	+336.2
City departments.....	84	3,394,104	6,982,348	8,342,975	+19.5	+150.2
Veterans' relief—						
Public departments.....	39	818,768	934,928	1,007,518	+7.8	+23.1
Private agencies.....	84	58,989	52,017	53,335	+2.5	+9.6
Emergency-relief committees.....	37	518,390	380,454	509,528	+33.9	+1.7
Nonsectarian family societies.....	130	2,228,703	3,130,381	3,453,244	+10.3	+54.9
Jewish agencies.....	65	288,010	370,661	398,980	+7.6	+38.5
Catholic agencies.....	50	400,414	380,402	371,577	-2.3	-7.2
Salvation Army.....	83	174,051	141,910	156,638	+10.4	+10.0
Other.....	71	98,085	84,936	36,796	+10.3	+0.7
Special allowances from public funds.....	181	3,050,020	3,357,534	3,414,350	+1.7	+11.9
Mothers' aid.....	94	1,895,312	1,954,319	2,008,172	+2.8	+6.0
Old-age relief.....	35	1,005,745	1,234,725	1,236,133	+0.1	+22.9
Aid for the blind.....	52	148,963	168,490	170,045	+0.9	+14.2
Work relief.....	128	3,122,383	4,066,328	4,345,084	+6.9	+39.2
Public departments.....	74	2,231,271	3,383,715	3,479,752	+2.8	+56.0
Private agencies.....	54	891,112	682,613	865,332	+26.8	-2.9

As is illustrated in the chart below, the increase in November occurred mainly in expenditures for general relief. The amount expended for such relief in November exceeded the expenditure in March, 1932, the peak month of last winter's relief load, and the largest expenditure previously reported.

Special allowances from public funds (mothers' aid, old-age relief, and aid for the blind) continued to show in November the slight upward trend obvious in the reports of earlier months.

Work relief increased, but the outlay was considerably less in November than the monthly amounts for such relief reported last winter.

The number of families aided by the various types of direct relief rose between October and November, especially the number aided by emergency relief committees, the Salvation Army, city departments administering general public relief, and private agencies providing assistance to veterans. (Table 2.)

TABLE 2.—Families aided through direct relief by 764 agencies or divisions of departments in 125 cities and city areas in November, 1932, and comparison with October, 1932, and November, 1931

Type of relief and administrative agency	Number of reports	Number of families—			Per cent increase (+) or decrease (—)	
		November, 1931	October, 1932	November, 1932	October, 1932, to November, 1932	November, 1931, to November, 1932
Total families.....	764	518,533	862,771	925,269	+7.2	+78.4
General relief.....	590	438,360	766,084	827,346	+8.0	+88.7
General public relief:						
County departments.....	28	89,076	228,479	241,027	+5.5	+170.6
City departments.....	54	111,980	237,117	265,127	+11.8	+136.8
Veterans' relief:						
Public departments.....	36	28,006	35,985	38,528	+7.1	+37.6
Private agencies.....	82	5,288	6,169	6,878	+11.5	+30.1
Emergency-relief committees.....	24	12,860	6,550	7,551	+15.3	-41.3
Nonsectarian family societies.....	111	113,731	182,288	192,091	+5.4	+68.9
Jewish agencies.....	64	9,049	12,268	12,930	+5.4	+42.9
Catholic agencies.....	47	25,975	22,756	24,473	+7.5	-5.8
Salvation Army.....	81	35,125	24,440	27,848	+13.9	-20.7
Other.....	63	7,270	10,032	10,893	+8.6	+49.8
Special allowances from public funds.....	174	80,173	96,687	97,923	+1.3	+22.1
Mothers' aid.....	92	40,873	44,656	45,316	+1.5	+10.9
Old-age relief.....	34	34,086	46,274	46,760	+1.1	+37.2
Aid for the blind.....	48	5,214	5,757	5,847	+1.6	+12.1

For the first time in recent months, however, the reports showed a definite tendency for the increase in the number of families aided through general relief to be less than the increase in the amount expended. The result was a larger monthly grant per family for general relief. In November such relief averaged \$20.57 per month per family in comparison with \$18.50 in the preceding month. In November, 1931, the average grant per family was \$17.84.

The allowance per family group for mothers' aid was slightly larger in November than in October, but considerably less than the average amount provided in November, 1931. In November, 1932, the average monthly grant for mothers' aid was \$43.79; in October, 1932, \$43.24; and in November, 1931, \$45.90.

Old-age relief per individual case decreased to a monthly average of \$25.97 in November from a monthly average of \$26.21 in the preceding month and \$28.83 in November, 1931. Aid for the blind, which is given also in relation to the needs of an individual case, averaged approximately the same in November as in October, but was slightly higher than in November, 1931. In November, 1932, an average of \$24.81 was provided; in October, 1932, \$24.97; and in November, 1931, \$24.29.

As was discussed in the last bulletin, a large proportion of the total amount expended for relief is financed from the Public Treasury. In November a slightly smaller proportion was financed from public funds than in the preceding month, but a much larger proportion than in November, 1931. Special allowances from public funds and expenditures for work relief tended to decrease in relation to the total amount expended. The proportion for general relief, especially from public funds, was much larger in November, 1932. The

percentage distribution by source of funds and type of relief was as follows for the three months compared:

	November, 1931	October, 1932	November, 1932
Total.....	100	100	100
Public funds.....	73	90	88
General relief.....	39	61	62
Special allowances.....	20	14	13
Work relief.....	14	15	13
Private funds.....	27	10	12
General relief.....	21	8	10
Work relief.....	6	2	2

MEALS AND LODGINGS FOR THE HOMELESS AND TRANSIENT

The need for relief as measured by the number of meals and lodgings provided to the homeless and transient rose sharply in November.

Reports from 158 agencies in 60 cities of 50,000 or more population show that the number of meals served increased from 862,100 in October to 1,027,907 in November, a rise of 23.2 per cent in the average number served per day. In comparison with November, 1931, the number of meals increased 26.6 per cent.

The number of lodgings provided increased more rapidly than the number of meals. In November 393,526 lodgings were provided in comparison with 317,407 in the preceding month, an increase of 28.1 per cent in the daily average. Between November, 1931, and November, 1932, the number of lodgings increased 36.4 per cent.

STATE AND CITY TOTALS FOR RELIEF

The State summaries forwarded by State agencies (table 3) and the city totals compiled for certain areas are consistent in their indication of a strong tendency toward increase in all sections of the country in relief expenditures and in the number of families aided.

In New Jersey general public relief, as reported by the State emergency relief administration, increased 15.9 per cent between October and November in the amount expended and 5.2 per cent in the number of families aided. The State unemployment relief commission in Rhode Island reported an increase of 15.2 per cent in expenditure for home relief and 16.6 per cent in the number of families aided. Expenditures for general public relief in New York State, as reported by the State department of social welfare, rose 12 per cent and the number of families aided, 9.1 per cent.

The November report of the New York State temporary emergency relief administration shows an increase of 2.2 per cent in the number of families aided through work relief but a decrease of 5.6 per cent in amount expended. In Rhode Island the number of families aided through work relief increased 4.3 per cent and the amount expended, 9 per cent.

TABLE 3.—Amount expended for different types of relief and number of families aided in three States during October and November, 1932

State reporting and type of relief	Amount expended			Number of families aided		
	October, 1932	November, 1932	Per cent increase (+) or decrease (—)	October, 1932	November, 1932	Per cent increase (+) or decrease (—)
New Jersey:						
General public relief ¹	\$1,203,265	\$1,394,167	+15.9	68,413	71,971	+5.2
Mothers' aid.....	183,388	199,873	+9.0	6,246	6,626	+6.1
Old-age relief.....	106,856	121,664	+13.9	7,058	7,470	+5.8
Aid for the blind.....	11,510	11,714	+1.8	477	492	+3.1
New York:						
General public relief.....	3,385,227	3,791,752	+12.0	137,464	150,016	+9.1
Work relief.....	2,916,985	2,754,385	-5.6	77,497	79,181	+2.2
Mothers' aid.....	1,048,072	1,055,025	+0.7	21,455	21,595	+0.7
Old-age relief.....	1,294,066	1,289,492	-0.4	53,508	53,856	+0.7
Rhode Island:²						
Home relief.....	50,845	58,561	+15.2	3,526	4,112	+16.6
Work relief.....	177,256	193,180	+9.0	6,654	6,938	+4.3

¹ Figures relate to 241 municipalities and cover about 79 per cent of the population of the State.

² Figures relate to 6 cities and 12 towns and cover about 80 per cent of the population of the State.

Information forwarded by agencies in 106 cities was sufficiently complete for use in determining changes in city totals. These cities were located in 33 States and the District of Columbia.

In 87 of the 106 cities an increase was reported in the amount expended in November in comparison with the amount expended in the preceding month. In 41 of these cities the increase was 20 per cent or more. The median change for the entire group was an increase of 12.9 per cent.

Between November, 1931, and November, 1932, relief increased in 96 of the 105 cities for which substantially complete reports for both months were available. In 47 of these cities the increase was 100 per cent or more. The median change for the entire group was an increase of 82.8 per cent.

RELIEF EXPENDITURES, 1929 AND 1931

The Children's Bureau and the Russell Sage Foundation cooperated with the Bureau of the Census in a survey of the amount of relief expenditures and numbers of families and of individuals aided in the first quarter of 1931 as compared with the first quarter of 1929. Figures for cities reporting to the Children's Bureau or the Russell Sage Foundation were supplied to the Bureau of the Census by the two organizations. The report, published by the Bureau of the Census under the title "Relief Expenditures by Governmental and Private Organizations, 1929 and 1931," covered both urban and rural areas. The financial data obtained were intended to represent actual relief expenditures plus cost of administration. In a summary of results the report stated in part:

"Returns were received from all of the 93 cities of 100,000 population or over; from all but 1 of the 217 cities of from 30,000 to 100,000; from 4,863 out of 5,938 cities or incorporated places of from 1,000 to 30,000; and from 6,353 smaller incorporated places.

"The total population of the cities or other incorporated places for which reports were received represents 89.2 per cent of the total population of all cities and incorporated places, and 57.4 per cent of the total population of the United States.

"The total expenditures, including cost of administration, reported by governmental and private organized agencies for family relief (outside of institutions) and for relief to homeless men in the areas for which returns were received amounted

to \$22,338,144 in January, February, and March, 1929, and to \$73,757,300 during the corresponding three months (January, February, March) of 1931. The increase of the \$51,419,156, or \$17,139,719 per month for the 3-month period of 1931 compared with the same three months of 1929 may fairly be attributed to the unemployment caused by the business depression.

"The number of families reported as receiving relief averaged 333,861 per month in the first three months of 1929 and 1,287,778 per month in the first three months of 1931, an increase of 953,917. It is generally recognized that comparatively few families require full relief from governmental or private relief organizations under ordinary conditions, since they have some individual resources and are partially self-supporting and need only supplementary assistance. With prolonged unemployment, however, the proportion of families with resources of their own steadily diminishes. With a number of agencies providing relief in most cities, there is doubtless some duplication in number of families and individuals. The average number of lodgings per night reported given to homeless men was 14,037 in the first three months of 1929 and 49,411 in the first three months of 1931.

"The reports received from cities having a population of 30,000 or over were compiled according to source of relief, whether from private or from governmental organizations. With reports from 309 of the 310 cities of that size reporting family relief expenditures and 301 reporting expenditures for relief to homeless men, the investigation shows that local governmental organizations provided 65 per cent in 1929 and 60.4 per cent in 1931, and private organizations provided 35 per cent in 1929 and 39.6 per cent in 1931. The total amount of increase for the 3-month period reported by these cities was \$40,047,783, and of that sum \$23,398,861, or 58.4 per cent, was provided by local governmental organizations, and \$16,648,922, or 41.6 per cent, by private organizations. The accuracy of these percentages depends upon whether information as to expenditures for relief and for administering relief is equally complete for the two groups—governmental and private.

"In the following table the total expenditures for relief in cities having over 30,000 population during the first three months of 1929 and the same three months of 1931 are shown by geographic divisions, together with the amount and percentage of increase:

Geographic divisions	Relief in cities of over 30,000 population			
	First 3 months of 1929	First 3 months of 1931	Increase, 1929 to 1931	
			Amount	Per cent
Total.....	\$16,621,341	\$56,669,124	\$40,047,783	240.9
Cities in—				
New England.....	3,099,842	7,584,543	4,484,701	144.7
Middle Atlantic.....	5,611,877	21,250,354	15,638,477	278.7
East North Central.....	3,877,753	17,934,510	14,056,757	362.5
West North Central.....	1,142,443	2,219,126	1,076,683	94.2
South Atlantic.....	587,081	1,406,087	819,006	139.6
East South Central.....	213,666	695,418	481,752	225.5
West South Central.....	280,539	898,156	617,617	208.7
Mountain.....	269,111	447,477	178,366	66.3
Pacific.....	1,539,079	4,264,853	2,725,774	177.1

Further tabulations in the report give statistics of States and cities. The grand totals of Tables I and II follow:

TABLE I.—Total expenditures for relief to families outside of institutions and to homeless men in the first three months of 1929 and in the first three months of 1931, with percentage of increase and population

[The report for counties covers only relief extended by the county government. It does not include relief by local governments or local organizations within the county. The number of counties reporting as given in the table includes those that reported no expenditures for relief as well as those that reported such expenditures, the remaining counties being those from which no report was received]

Geographic division and State	Total population, Apr. 1, 1930	Population of incorporated places reporting ¹		Summary of expenditures for relief to families and to homeless men.		
		Population	Per cent of total population	First quarter of—		
				1929	1931	Per cent increase
Grand total.....	122,775,046	70,439,827	57.4	\$22,338,144	\$73,757,300	230.2
Cities of over 30,000.....	48,585,928	48,508,779	99.8	16,621,341	56,669,124	240.9
Governmental.....				10,802,102	34,200,963	216.6
Private.....				5,819,239	22,468,161	286.1
Incorporated places of less than 30,000.....	30,343,469	21,931,048	72.3	2,545,556	8,039,396	215.8
Counties (1,716 out of 3,073).....				3,171,247	9,048,780	185.3

¹ Incorporated places of less than 30,000 include a few unincorporated places for which reports were received.

² Excludes population of Santa Ana, Calif., but includes population of the metropolitan area of Sharon, Pa., a city of less than 30,000, and of metropolitan areas of 9 cities exceeding 30,000 population.

TABLE II.—Average number per month of families outside of institutions receiving relief and average number of persons in such families; and average number per month of lodgings given and of meals served to homeless men during the first three months of 1929 and the first three months of 1931, with percentage of increase

[The report for counties covers only relief extended by the county government. It does not include relief by local governments or local organizations within the county. The number of counties reporting as given in the table includes those that reported no expenditures for relief as well as those that reported such expenditures, the remaining counties being those from which no report was received]

Geographic division and State	Relief to families outside of institutions					
	Monthly average					
	Number of families			Number of persons in families		
	First quarter of—			First quarter of—		
	1929	1931	Per cent increase	1929	1931	Per cent increase
Grand total.....	333,861	1,287,778	285.7	1,340,349	5,241,817	291.1
Cities of over 30,000.....	201,269	690,268	243.0	812,837	2,788,527	243.1
Governmental.....	113,639	375,850	230.3	452,821	1,476,836	226.1
Private.....	87,630	314,418	259.4	360,016	1,311,691	264.3
Incorporated places of less than 30,000.....	65,404	278,102	325.2	260,918	1,149,380	340.5
Counties (1,716 out of 3,072).....	67,188	319,406	375.4	266,594	1,303,911	389.1

¹ Incorporated places of less than 30,000 include a few unincorporated places for which reports were received.

TABLE II.—Average number per month of families outside of institutions receiving relief and average number of persons in such families; and average number per month of lodgings given and of meals served to homeless men during the first three months of 1929 and the first three months of 1931, with percentage of increase—Con.

Geographic division and State	Relief to homeless men					
	Monthly average					
	Number of lodgings given			Number of meals served		
	First quarter of—			First quarter of—		
	1929	1931	Per cent increase	1929	1931	Per cent increase
Grand total.....	421,103	1,482,342	252.0	671,419	4,170,318	521.1
Cities of over 30,000.....	384,779	1,377,070	257.9	612,588	3,886,969	534.5
Governmental.....	82,691	460,359	456.7	108,020	1,308,422	1,111.3
Private.....	302,088	916,711	203.5	504,568	2,578,547	411.0
Incorporated places of less than 30,000 ¹	25,796	78,259	203.4	34,338	210,214	512.2
Counties (1,716 out of 3,072).....	10,528	27,013	156.6	24,493	73,135	198.6

¹ Incorporated places of less than 30,000 include a few unincorporated places for which reports were received.

STATEMENT OF H. L. LURIE, DIRECTOR OF THE BUREAU OF JEWISH SOCIAL RESEARCH, NEW YORK CITY, NEW YORK

The CHAIRMAN. Mr. Lurie, please state your full name, address, and present position.

Mr. LURIE. My name is H. L. Lurie, and I am director of the Bureau of Jewish Social Research in New York City.

I have been asked by a committee of the American Association of Social Workers to present a report which summarizes material recently obtained from social workers throughout the country describing present conditions of relief and perhaps something about the future uncertainties in the present relief situation.

The CHAIRMAN. The committee would be grateful if you would proceed in your own way to give us that material.

Mr. LURIE. The American Association of Social Workers, an organization with a membership of 6,000 professional workers from all parts of the country, by action of its executive committee, in November, 1932, appointed a special committee to concern itself with the problems of unemployment relief, present Federal relief policies, and proposed Federal legislation. The committee consists of the following members serving entirely in their capacity as individuals and not as representatives of their respective organizations.

Linton B. Swift, Family Welfare Association of America, chairman.
 Frank Bane, American Public Welfare Association.
 Allen T. Burns, Association of Community Chests and Councils.
 C. C. Carstens, Child Welfare League of America.
 Joanna C. Colcord, Russell Sage Foundation.
 Stanley Davies, State Charities Aid Association of New York.
 Helen Hall, National Federation of Settlements.
 David H. Holbrook, National Social Work Council.
 Ralph G. Hurlin, Russell Sage Foundation.

Paul U. Kellogg, Survey.

Benson Y. Landis, American Country Life Association.

H. L. Lurie, Bureau of Jewish Social Research.

John O'Grady, National Conference of Catholic Charities.

Walter West, American Association of Social Workers.

Helen Crosby, Metropolitan Life Insurance Co., secretary.

The committee is developing and maintaining contacts with a consultant group of social workers and other persons throughout the country interested in receiving reports, in submitting information, suggestions and comments, and in securing local discussion of Federal unemployment relief problems.

This report to the Senate Committee on Manufactures has been prepared by a subcommittee which functions for the purpose of collecting information on unemployment relief situations and needs. A questionnaire was circulated on December 17 to executives of local chapters of the A. A. S. W. and to other social workers who are closely in touch with relief needs and are competent to give reliable and objective information on the present situation.

This report summarizes information which has been received in the last week from this group of consultants and applies to 44 cities and adjacent areas in 25 States and the District of Columbia. Since few professional social workers serve the smaller communities and the industrial and mining areas not incorporated in large cities, we were able to obtain this information, therefore, primarily from populous communities which possess relatively well organized programs of relief and social service.

Two mining areas in West Virginia in which there is no large city and one city with a population of less than 100,000 have been included.

The following is a list of cities, counties, and States from which information had been received previous to the writing of this report:

Birmingham and Jefferson County, Ala.
 San Francisco and Alameda Counties, Calif.
 Colorado Springs and El Paso County, and the city and county of Denver, Colo.
 Bridgeport, Hartford, and Stamford, Conn.
 Washington, D. C.
 Jacksonville and Duval County, Fla.
 Louisville, Ky.
 Chicago and Cook County, and Springfield, Ill.
 Cambridge, Lawrence, and New Bedford, Mass.
 Detroit and Grand Rapids, Mich.
 St. Louis, Mo.
 Buffalo, Rochester, and Syracuse, N. Y.
 Akron, Cleveland, Cincinnati, Columbus, and Franklin County, Dayton and Toledo, Ohio.
 Portland and Multnomah County, Oreg.
 Philadelphia, Pittsburgh and Allegheny County, Scranton, and Dunmore County, Pa.
 Providence, R. I.
 Nashville and Davidson County, Tenn.
 Dallas County, Fort Worth, and Tarrant County, and Houston, Tex.
 Salt Lake City, Utah.
 Richmond, Va.
 Seattle and King County, Wash.

Kanawha and Ohio Counties, W. Va.

Milwaukee city and county, and city of Racine, Wis.

A limited amount of information was also received concerning the States of Maryland, Nebraska, and New Hampshire.

This report attempts to present a summary of present conditions with respect to unemployment relief in large industrial centers and the areas contiguous to large cities. The experience with unemployment relief has brought out strikingly the lack of organization for welfare in many parts of the country. There exists a great variation in organization, resources, policies, and standards of relief. Much of the recent organization is of an emergency and haphazard character and reflects the lack of a national program and the absence of minimum standards of administration.

Information which would bear upon conditions in entire States has not been available except in a few instances due to the fact that few States possess adequate organization for the gathering of information concerning general conditions of unemployment and relief within their boundaries.

It is safe to assume, perhaps, that in these areas which are not covered by the larger cities, conditions of need are at least equally serious. It is generally known that organized efforts for relief are less well established and effective in the smaller communities than in the area covered in this report. Even in the larger cities considered in this report there is a great diversity of standards, policies, and adequacy of resources.

It is believed that the depression has reversed the trend of several decades and has resulted in a shift of population from the larger urban centers to the areas of rural population. Prof. P. K. Whelpton, of the Scripps Foundation, Miami University, Ohio, has estimated that during 1932 urban centers have lost and rural areas have gained approximately 400,000 in population. He reports the use of farm houses formerly abandoned for human habitation, the erection of makeshift dwellings and doubling up of families in rural homes due to this return of an industrial population to the country. This additional population is creating a serious problem to the resources of relief and human welfare to the already overburdened rural sections. This drift to the more sparsely settled regions has to some extent been brought about by the inadequacy of relief available in the larger centers of population. Although the outlook for obtaining food and shelter may be thought to be somewhat better in the rural sections, this drift to the farms is intensifying the problem of maintaining essential standards of living for the rural population.

In the cities and counties specifically covered in this report, there has been a tremendous increase in the number of families and individuals receiving relief during the past year. This increase in number of families aided has been greater than the increase in the amount of relief expended, indicating a continuation of the conditions reported to this committee in May, 1932, when a tendency to stretch meager relief funds over an increasingly large number of applicants was already generally prevalent. With the beginning of this winter a number of cities report large increases in the number of applicants for relief and increasing relief loans. One city reports for the year an increase of 300 per cent in the number of families aided, with an increase of only 30 per cent in available funds.

There is a general expectancy that the number of families in need of relief will continue to increase during the winter months, although a few cities are anticipating a corresponding increase in relief funds to cover this expansion in relief responsibility.

I shall not attempt in this report to duplicate the statistical information on relief expenditures which I understand will be presented in these hearings by representatives of the United States Children's Bureau and the Russell Sage Foundation.

In general it may be said that the cities included in this report present a relief experience corresponding to the more comprehensive statistics which are regularly obtained by the agencies mentioned. The 43 cities and counties in this group are giving relief at this time to approximately 3,000,000 persons, consisting of 650,000 families and 100,000 unattached and homeless individuals and are expending approximately \$17,500,000 a month on relief.

The committee attempted to obtain estimates of the proportion of those totally unemployed who were receiving relief from an organized source during December, 1932. Statistics on the number of families assisted are reasonably accurate, but information on the number of unemployed is frequently a crude estimate.

Discarding extreme cases at both ends of the table, the data submitted show a range from 18 to 58 per cent of the unemployed group receiving relief in December. The average city aided approximately 32 per cent of the totally jobless and in the 30 cities combined for which we have estimates of the number of unemployed, 25 per cent were receiving relief. Lower percentages in the large cities of Chicago and Philadelphia account for the difference.

Lawrence, Mass., Detroit, St. Louis, Philadelphia, Cleveland, Washington, and Chicago reported lower ratios of the unemployed on relief, while Seattle, Toledo, Akron, Syracuse, Hartford, and Milwaukee were among the highest percentages of relief cases to total estimated unemployed. Ratios for individual cities, however, must be considered as having less probability than the total which may to some extent balance errors due to under or over estimate of unemployed.

In these cities which have organized relief agencies an attempt is being made to supply at least food to all applicants who are found to be entirely destitute. In reply to the question as to the estimated number of families and individuals who were in need but not receiving relief, one informant replied that it was impossible to estimate the number since this would differ according to the standards of eligibility which might be applied. He indicated, however, that in his city, which is considered as having a more adequate organization than is usually to be found, families are forced into a position of extreme dependency before applications for relief are considered.

Homes are lost, insurance policies canceled, aid from relatives and friends has been terminated, families are forced to exhaust and destroy indefinitely their credit before relief is granted to them. This statement on the degree of destitution reached before relief is granted is applicable in practically all communities. A number of cities report that no work or home relief is being made available to adult families—that is, to childless couples or families without young children. No relief or very inadequate forms of relief are being given to the unattached men and women without family connections. Most

communities maintain some sort of shelter or lodging house for the homeless adult group, caring alike for legal residents as well as the transient population. Approximately 100,000 individuals are cared for in such shelters at this time in the reporting cities. Relief is usually on a low standard and inadequate to meet the needs of most of these individuals, and is terminated within a few days or at the most after a few weeks for those without legal residence. A number of communities report that they are considering further restriction of relief to the homeless group because of lack of funds. In Detroit resident unemployed men have been sent to the county almshouses and infirmary, and among other cities Buffalo is at the present time considering establishing such a policy in order to conserve relief funds for families.

Dallas, Tex., reports that the Mexican and negro groups are still being neglected and receiving little if any relief, and Richmond, Va., similarly reports that the negroes maintain that they are being discriminated against in the relief program. The two mining counties in West Virginia report large numbers of uncared for families in need and a number of other cities indicate that families are refused assistance although need is evident and many are being forced lower in the scale of destitution for this reason. New Hampshire and Pennsylvania report that while some form of relief has been organized in most of the larger centers, there are many counties considered as "sore" spots because of the absence or gross inadequacy of relief organization.

In the two previous years many of the better organized communities had established work relief programs as a less degrading and more desirable plan or relief to the jobless. Cash wages were being paid and policies were relatively liberal with reference to eligibility for this form of assistance. During the last year, however, there has been either a virtual abandonment of this form of relief or such radical changes in its character that it no longer offers a desirable method of unemployment relief giving. San Francisco, for example, reports that a fund of two and one-half million dollars planned upon a year's basis was absorbed in work relief wages within four months and that for this reason it was abandoned, since food relief was more economical. The work-relief plan formerly based on cash wages has been transformed into a "work-for-relief" plan, applicants receiving one week's work out of four and receiving in return food supplies equivalent to \$28.60 a month for a family of five.

Nearly all other communities which have not already done so are at the present time considering converting all work relief to home relief projects, although a number of cities are developing a plan of "work equivalent" for some of the relief applicants. Where work relief projects are continuing the amount of work given to individuals has been so materially reduced that the net earnings are as low as the average direct relief and usually amount to from \$15 to \$30 a month. In a number of cities it is being recognized that the low level of relief returned for work threatens to reduce further the diminishing wage levels being paid for normal work in these communities.

With few exceptions there has been a severe retrogression in relief standards and methods of relief administration during the last two years. Only a handful of agencies accepting general responsibility for unemployment relief are attempting to maintain any essential budgetary basis of relief for the unemployed. The majority of

agencies are struggling to maintain some minimum standard of food relief, but in many cities this is far below an estimated subsistence standard. Few of the large relief agencies are giving as much as \$1 a week per person for food, and in some of the organized cities the amount has fallen to as low as 50 cents per person per week.

The CHAIRMAN. What is your estimate of the subsistence allowed?

Mr. LURIE. It would vary for these different communities, but the minimum will be between \$9 and \$10 for a family of five in most of these communities, less in some and a little higher in others, depending upon the cost of living.

There is a general tendency to substitute central stores or commissaries, emergency rations or food doles for an individual food order with which the unemployed could purchase the items of food he desires. Under the assumption that central stores and commissaries are cheaper, an increasing proportion of the jobless through this method have been deprived of exercising the limited initiative possible in the management of family income and purchase of essential items which was formerly considered the socially desirable method of relief giving to normal persons who were in need through no fault of their own. Some of the better agencies in distribution of food attempt to preserve nutritional values not too far removed from the habitual dietary of the unemployed, but in a number of instances even this minimum variation is disregarded. A number of cities report feeding kitchens for adults and general bread lines supplementing the commissary method of supplying food. Aside from emergency food rations a number of cities now provide flour obtained from Government wheat through the Red Cross.

In some instances fresh milk is furnished in addition where there are young infants or in cases of severe illness.

In a large number of cities which give food relief through commissaries and grocery orders adequate standards of diet are not being maintained and increasingly even the supplying of food relief is taking on the character of emergency rations. It is obvious that such methods of relief may prove disastrous to health and morale as the emergency period lengthens into years instead of months.

Very rapidly with the diminishing of funds for relief purposes it is becoming increasingly true that the efforts of relief agencies do not go much beyond the objective of seeing that "nobody will starve." There are no dependable statistics to indicate the number of deaths from starvation and from continued subsistence upon insufficient amounts of food, although deaths from such causes have been reported in a number of cities. One city stated that 14 deaths of infants in a recent month could be largely attributed to the malnourishment of mothers during the prenatal and antenatal period. The supplying of food, however, is the only item of relief being given regularly in practically all of the cities. Payment of rent, clothing, fuel, light, and medical care are being given on an emergency basis—that is, irregularly and to only a fraction of the unemployed.

Few agencies give allowances for clothing although occasionally used clothing, cotton material furnished by the Red Cross, and salvaged clothing are distributed. Some agencies are attempting to give underwear and shoes to school children, although in at least one community it is reported (in December) that a large number of children have not as yet returned to school because of the inability of the relief agency to supply shoes.

With few exceptions none of the larger relief agencies in these cities is providing relief to pay electric-light bills. In thousands of families the use of electric lights has been entirely abandoned, although some families are permitted to purchase kerosene for light on their grocery orders. One of the exceptions is the city of Seattle, where the municipality owns the electric utility and has continued service to unemployed unable to pay their light bills.

Nearly all of the agencies are attempting to supply some amount of fuel during the winter months, although frequently in insufficient amounts. The usual amount of fuel given is one-half ton of coal during a three or four weeks' period, although in a number of cities the experience is similar to that of Lawrence and New Bedford, Mass., where only one-fourth of a ton of coal is given during the month. It is reported in many cities that the homes of the unemployed are poorly heated. Some cities attempt to supplement inadequate coal supplies by giving wood cut by the unemployed on work-for-relief projects. A few communities offer only wood as fuel to the unemployed.

It is only the exceptional agency which is providing any relief for rent to its unemployed clients, and it is reported that evictions are increasing and tax delinquencies are becoming more common among protesting landlords. The practice is general of not paying rent except in extreme emergencies. A number of agencies make an attempt to provide one month's payment of rent, rarely more than \$12 a month, when a family has been evicted or is facing eviction and is suffering from serious illness. For example, San Francisco reports that it pays rents about 1 month out of 4; Denver pays practically no rent; Detroit is paying rent to 1 out of 8 families; it is reported from Philadelphia that no rents are paid with evictions occurring constantly and no help being given; Cleveland pays 25 to 60 per cent of the first month's rent in emergency situations. In a few cities the public agency is beginning to pay landlords sufficient rental to cover taxes and interest charges.

As a result of these prevailing policies on rent, there is a further doubling up of unemployed families with sympathetic relatives and friends frequently to the point of serious congestion and occasionally with demoralizing and disastrous consequences. It is reported from several cities that the relief agency is beginning to take over some abandoned and uninhabitable dwellings and is attempting to convert them for shelters with the aid of work relief clients. In several instances cities are resorting to congregate shelter of evicted families and an abandoned almshouse is being used for this purpose in one community.

The average amount of relief per family in these cities ranges from as little as \$5 and \$6 a month for food relief in Florida supplemented by a few miscellaneous items, such as wood, flour, and vegetables, to \$10 and \$12 per week for a family of five in some of the cities of medium size, such as in New York State, that have more adequate relief funds. In general, between \$15 and \$20 a month per family would be the total average relief for the current month in a group of cities included in this report. It is estimated that if essential relief were to be given on a minimum budgetary standard including food, clothing, rent, light, heat, and medical care, it would become necessary at least to double the present total relief expenditures of these cities. Instead

of expending \$17,500,000 they should be expending approximately \$35,000,000 if they were using even a minimum standard budget. Only a minority of cities reported that their present relief expenditures are on a minimum subsistence basis. The relief expenditures in the others were from 20 to 60 per cent under a minimum relief budget for dependent families.

One city reports that relief had been so inadequate that the entire body of social workers protested and as a consequence an attempt is being made to raise the amount of relief from 50 cents per person per week to \$1 per person per week.

In Stamford, Conn., grocery orders of \$3, \$4, and \$5 are allowed, depending on the size of the family, but no family, no matter how many individuals it consists of, receives more than \$5 a week.

In Grand Rapids the rate of food relief is reported to be 50 cents per person per week.

The Cleveland rate is \$4.40 a week for a family of five for food.

In Toledo the same size family will receive \$3 a week and in Cincinnati and Seattle \$4 a week. In Dallas, Tex., the equivalent of \$1.40 in groceries is given for one day's work a week. Attempts are being made now to improve this basis of relief to \$4.50 in cash plus two sacks of groceries for five days' work a week. Other cities similarly are giving less than a minimum food ration.

Funds for relief programs are being supplied largely from governmental sources. It is estimated that for the next six months not more than 10 per cent of the relief expenditures can be secured from voluntary contributions, including community chest and emergency relief campaigns. Uncertainty concerning the sources of funds prevail. Few of the agencies are able to plan definitely for more than one month at a time and several of them are on a week-to-week basis because of the uncertainty of resources. The relief funds from private sources represent a very small proportion of the total amount needed and have been further decreased this year because of the failure in many cities of campaigns to reach the goal set and the necessity to use voluntary funds for established agencies for the care of aged, children, hospitals and clinics, and so forth. The outlook for local public funds is also extremely doubtful, and a number of the reporting communities are already depending principally upon funds from the Reconstruction Finance Corporation.

For example, Birmingham, Ala., estimates that \$1,000,000 will be needed for the next six months on the present basis of relief and that only \$42,000 is available from voluntary funds. It is expecting \$150,000 a month from the R. F. C.

In Bridgeport, Conn., the public department has no funds until the beginning of the fiscal year in April, and it is hoped that credit may be obtained until that time. No loans are expected from the R. F. C., since Connecticut has no bonded indebtedness.

In Lawrence, Mass., where relief standards are even lower than average, it is reported that the city is almost bankrupt. Taxes have been greatly reduced, due to the closing of principal industries, and taxpayers are in rebellion against appropriations for public relief.

Columbus, Ohio, reports that the legislature and the R. F. C. will have to carry the entire relief burden in 1933. The State can only do this by providing some new sources of revenue to take the place of the utility tax bonds and the relief bonds. In any event, there

will be a large gap between what the State and local bodies are able to supply and the minimum relief needs of the city.

Portland, Oreg.: This county spent \$3,332,000 from all sources on organized relief in 1932 and will need \$5,000,000 in 1933. The task is to get enough funds to carry present minimum standards, and if further cuts are made, more persons will be contributed to swell the transient group. Minimum funds for a balanced relief program which makes migration unnecessary is a fundamental need.

In Florida no community has raised enough money from voluntary subscriptions to continue the programs of the regular agencies, so that there are almost no funds available for unemployment relief from this source. Some cities have made small appropriations for road work and other projects although these appropriations are still well below normal expenditures for such public work. Many of the communities have defaulted on their bond issues. The State has a constitutional provision prohibiting the incurring of any indebtedness but will consider some sort of appropriation at the meeting of the legislature in January.

In Chicago it is estimated that at the present rate of relief expenditures \$17,000,000 would be required for the next six months. Approximately \$3,000,000 is available from voluntary funds and the emergency fund campaign. The State Legislature is permitting the Cook County Board of Commissioners to sell \$17,000,000 in bonds, but the county commissioners have thus far received no bid for the bonds, and it is likely that the bonds will not be sold. The loan from the Reconstruction Finance Corporation runs out in December.

In Seattle a bond issue of \$2,000,000 for county relief was passed by the electors, but it is reported that the bonds will probably not be saleable. The city has passed a bond issue of \$1,000,000 for work relief which is probably marketable, and the proceeds will be available. The State of Washington can not legally pass any bond issue for relief until the general election of 1934. It is probable that the new State administration will develop public works program for funds already on hand and will perhaps find a way to make some relief available to counties. This is, however, problematical at present.

Many of the cities reporting have depended during the last few months to a large extent on Federal aid and nearly all of the others are counting upon making applications for such loans except in a few States which consider themselves unable to make such applications.

It is difficult to measure the effect of the depression and inadequate relief upon social conditions in these communities under consideration. Research on problems of malnutrition and family disorganization have been made in only a few of the communities. Several of the studies indicate a definite increase in malnourished and ill-nourished children of preschool and school age. In one or two instances no increase in malnutrition has been indicated and it is believed that the furnishing of school lunches is to be credited for this result. One city reports an increase in the tuberculosis rate.

The inadequacy of funds from voluntary contributions and the reduced tax resources in many communities have been followed by serious reductions and curtailments in essential services. There have been sharp reductions in the budgets of the social agencies, both public and private. Deep cuts have been made in a number of communities in the budgets for public education and recreation and in a number of

communities budgets for health have also suffered. Reductions of 10 to 50 per cent in the budgets of private agencies are reported and from 5 to 30 per cent in the budgets of public agencies. Several cities report that public health nursing personnel has been reduced and in several communities family service and child welfare programs have suffered from lack of funds. Further decreases in the essential work of public and private welfare agencies are expected. An additional number of hospitals, particularly those under private auspices, are in danger of being closed in a number of cities because of lack of funds.

Limited information was received on the experience of these cities with the Reconstruction Finance Corporation. In some instances the loans granted have enabled agencies to maintain their relief programs which would otherwise have been drastically curtailed or would have been entirely discontinued. In a number of cases loans from the R. F. C. have enabled the communities to maintain existing relief standards and in a few instances they have been able to restore standards of relief to those which existed before the complete exhaustion of local resources. In two States it is reported that the loans from the R. F. C. have been instrumental in a definite improvement of the standards of relief which had previously been extremely low when the communities were depending entirely on inadequate local resources. The conditions in many communities would have been worse than those described had not Federal aid been introduced at the end of last year. On the other hand in a large number of cities the amount of Federal loans received has not been sufficient to regain or to maintain decent standards of relief. Previous to application resources had become depleted and relief standards inadequate and there had been a tendency to continue low levels of relief after Federal loans had replaced exhausted local public funds. In Wisconsin and New York standards of relief appear to have continued on a more adequate level due to assistance from State funds.

Hesitancy to apply for relief loans for various reasons, including actual or supposed legal restrictions upon the State, uncertainty as to the extent and amount of Federal aid which would be made available, limitations and restrictions imposed upon State and local action before Federal funds were made available have, on the whole, contributed to a continuation of policies which are thoroughly undesirable and inadequate when measured by minimum standards of relief administration. Above all, the fact that Federal relief loans were being made available for very short periods made it impossible to plan on any adequate time basis. Another difficulty in the administration of R. F. C. funds derives from the fact that the major portion of the act places entire discretion and responsibility upon the governor of the State rather than upon a competent Federal bureau. This is particularly unsatisfactory where the State itself has developed no general machinery for supervision or guidance of local communities on relief matters.

Many of the communities have also been handicapped because of a prevailing attitude that funds should be spent exclusively for relief which has made it impossible to set up adequate machinery for effective relief administration. There is a general failure to recognize the necessity for competent personnel and the need for adequate administrative machinery if relief funds are to be wisely and humanely expended.

Some information was obtained which bears upon the reaction of the unemployed to the emergency relief programs which have been established. A number of the agencies have as yet not witnessed any serious manifestations of unrest among the unemployed group. Increasingly, however, there is developing organization among the unemployed both for self-help projects and for the purpose of obtaining more adequate relief in their communities. The unemployed are attempting with limited success to lift themselves by their own bootstraps. Various self-help measures organized by the unemployed and in some instances stimulated and assisted by the relief agencies are developing the exchange of services and commodities. In a few instances a considerable fraction of the relief needs of the unemployed in those communities is being supplied through these efforts. In general, however, self-help projects extend either to additional small groups of unemployed or result in an insignificant supplementation of the regular relief granted in those communities. With few exceptions these attempts are handicapped by lack of effective leadership, by lack of capital, and by an inability to enlarge the scale of operations. The self-help measures appear to have been more successful in cities which are immediately contiguous to productive farm areas.

Social agencies in the cities where self-help projects have been established are not very hopeful that these projects will be able to mitigate the hardships of the unemployed to any appreciable extent or supply any large part of the essential relief needed.

These mutual aid groups together with the councils of unemployed which have developed have become outspoken on the inadequacy of the relief programs in their communities and are attempting through protest and petitions to obtain more adequate relief measures. There have been in the past a number of hunger marches and demonstrations and in a few instances riots of the unemployed in the reporting communities.

There has been relatively little violence and it is alleged that the demonstrations have been instigated largely by communists and other disaffected elements although it is acknowledged that in some cases there have been spontaneous reactions of unemployed groups irrespective of the leadership of the consciously radical element. Serious riots and demonstrations have been reported from Chicago, Detroit, St. Louis, Cleveland, Toledo, Dallas, Seattle, and other cities. Demands for more adequate relief are regularly voiced in many communities and disaffection is expressed as much over the methods of relief as its inadequacy. The commissary method of a fixed emergency ration has been particularly a reason for protests.

The following are examples of the more serious occurrences attributed in part to inadequate unemployment relief programs:

In Detroit, in March, 1932, there was a demonstration at the Ford plant in which five persons were killed. In May there was a second large demonstration at the Briggs plant, resulting in a number of injuries. There are rumors reported from Detroit of other serious demonstrations which have not received publicity. The unemployed councils have presented frequent demands at the relief office for more adequate relief and a number of arrests have resulted from these demonstrations.

In Cleveland there are periodic demonstrations in relief offices and at the city hall occasionally, with minor forms of violence.

Toledo reports two serious disturbances both caused by the failure of relief administration in the rural areas outside of the city. In one case a chain store was raided; in the other instance, a policeman was assaulted.

There was a serious riot in St. Louis this year when unemployed persons demanded relief from the board of aldermen. The police used tear gas and guns. Four unemployed were shot and 20 others were injured.

It is reported from Dallas that there is growing dissatisfaction among the unemployed with the inadequate relief administration and a growing cohesion of action. In the middle of December there was a congregation of the unemployed at the city hall and threats of dynamiting the building were rumored. The city has now applied to the R. F. C. after refusing to put in a request in September, 1932.

In Salt Lake City, where the unemployed council has made a number of demonstrations, a near riot occurred in November in the food warehouse when merchandise was pulled from the shelves and thrown about the room by the protesting unemployed.

Relief agencies in other cities have been the subjects of attacks by unemployed clients and in one city it is believed that two buildings were burned by disaffected unemployed. In a number of other cities there is reported an increasing bitterness and resentment with threats to the relief workers on the part of the unemployed due to inadequate relief measures and unsatisfactory methods of administering relief. Social agencies report a growing irritation and unfriendliness on the part of many clients as inadequate relief is prolonged and it is suggested that only lack of organization of leadership plus a hopefulness that there will be an improvement in relief measures have prevented more serious disorders in a number of communities.

If we may be permitted to generalize from the information that has been made available to the committee of the American Association of Social Workers and set forth the typical rather than the exceptional situation, the following conclusions may be drawn.

First. There has been a growing number of persons who have reached the point of complete destitution and approximately one-fourth of the unemployed are receiving some relief.

Second. An additional undetermined number of unemployed are in distress and in actual want but are not receiving assistance largely because of inadequate relief resources.

Third. Relief is meager and limited largely to food rations and some fuel. Rent, clothing, light, and medical care are being given sparsely and inadequately. Relief generally is on an emergency basis although the period of the emergency is lengthening and there is little expectancy of improvement.

Fourth. Decent standards of relief and desirable methods of administration have not been achieved or have been abandoned and relief giving is reverting to primitive methods and lacks competent organization and administration.

Fifth. Work relief for wages is being gradually abandoned for the cheaper and less desirable forms of direct relief in grocery orders and commissary rations. Work is being given by the unemployed as relief equivalent at a rate of return seriously below standard wage rates and is possibly a factor in wage reductions.

Sixth. Voluntary funds have been limited and are now practically nonexistent for unemployed relief. Approximately 90 per cent of unemployment relief is dependent upon governmental funds.

Seventh. The available voluntary funds must be used for other essential relief and welfare services. Failure to reach fund-raising goals threatens to curtail expenditures for necessary welfare services.

Eighth. Municipalities and counties are suffering from depleted income, decreased taxes and tax delinquencies. Their credit facilities are impaired and local public funds for relief are diminishing. Because of lessened income drastic reductions are being made by municipalities in recreational, health, and educational services.

Ninth. The possibilities of aid from State governments are limited. New methods for obtaining revenue are being sought but the outlook is not hopeful. It is doubtful whether tax revenues or bonded indebtedness can be increased to the extent required. A large number of States have already sought and obtained Federal relief loans from the R. F. C.

Tenth. The loans obtained from the R. F. C. have been essential to prevent abandonment of relief efforts, and in some instances have been helpful in bolstering up relief standards which might otherwise have declined to lower levels. They have on the whole not enabled the communities benefiting from these loans to give adequate relief on a minimum basis of subsistence. At best they have maintained emergency relief rations.

Eleventh. Uncertainty of funds from local, State, and Federal sources have reduced nearly all relief programs to emergency plans operating on a month to month basis. These uncertainties have been accompanied by a reduction in relief standards in order not to exhaust all funds before additional revenues were in sight.

Twelfth. Actual or supposed restrictions in the present Federal relief law have hindered applications on the part of States and delayed appropriations with serious consequences to relief programs in a number of communities.

Thirteenth. Inadequate local organization for relief is highly prevalent; satisfactory State machinery or State programs for unemployment relief exist in relatively few instances. This has been a serious obstacle to the administration of the Federal relief law and more rapid progress can not be made unless new Federal and State legislation grants enlarged opportunities for establishing more adequate relief systems and more comprehensive relief administration throughout the Nation.

Fourteenth. The effect of the depression and of relief programs have not been adequately studied. There is conflicting evidence on such consequences as starvation, malnutrition and disease. There is general agreement that standards of living have been sharply reduced and that housing congestion and general distress among the unemployed are prevalent.

Fifteenth. There is a growing dissatisfaction and irritation on the part of the unemployed with existing relief methods and inadequate doles. There have been a number of violent manifestations resulting in deaths, injuries and destruction of property. An undercurrent of resentment, disaffection and threats is becoming more prevalent, and it is believed that lack of program and leadership among the unemployed has prevented more serious outbreaks. A part of the

general dissatisfaction has been diverted into mutual aid and self-help projects among the unemployed. Fears are expressed that a mounting unrest may begin to assume violent forms of expression more frequently if constructive and adequate measures for relieving distress arising from unemployment do not materialize in the near future.

I have the general detail schedules.

The CHAIRMAN. I would be very glad to have you incorporate them in the record and the committee is very grateful to you. Have you any further comment to add to your very able presentation?

Mr. LURIE. Not with reference to the material that has been presented from other cities to me. I have not had time to look them over thoroughly and this is all I got out during the recent week when I had time to study the material.

The CHAIRMAN. If you have any supplemental information which will be of service to the committee, after you have been able to give this data more adequate study, we would be very glad to have you submit it, and as I said before, the committee is very grateful to you for your very able presentation.

The committee will stand in recess until 10.30 o'clock to-morrow morning, and will meet in room 212, Senate Office Building.

(Whereupon, at 3.50 o'clock p. m., the committee recessed to 10.30 o'clock a. m. to-morrow, January 4, 1933.)

FEDERAL AID FOR UNEMPLOYMENT RELIEF

WEDNESDAY, JANUARY 4, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee reassembled, pursuant to the recess of yesterday, at 10.30 o'clock a. m., in room 212, Senate Office Building.

Present: Senators La Follette (chairman), Costigan, and Cutting.
The CHAIRMAN. The subcommittee will be in order. Mr. Hopkins.

STATEMENT OF HARRY L. HOPKINS, CHAIRMAN, TEMPORARY EMERGENCY RELIEF ADMINISTRATION OF THE STATE OF NEW YORK, NEW YORK CITY, N. Y.

The CHAIRMAN. Mr. Hopkins, will you please give your full name, address, and present position to the reporter?

Mr. HOPKINS. Harry L. Hopkins, chairman of the Temporary Emergency Relief Administration of the State of New York, 124 East Twenty-eighth Street, New York City.

The CHAIRMAN. Will you explain what that temporary relief administration is, when it came into being, and what its general function is?

Mr. HOPKINS. That is a State organization created in November, 1931, to administer direct unemployment relief in the State of New York. It administers only public funds—State and local funds.

The CHAIRMAN. Have you had any funds from the Reconstruction Finance Corporation?

Mr. HOPKINS. No.

The CHAIRMAN. Now, will you please proceed in your own way, Mr. Hopkins, to give the committee the benefit of such information as your experience has given to you concerning the general problem which is under consideration by this subcommittee?

Senator COSTIGAN. Before you proceed, Mr. Hopkins, may I ask if you have applied to the Reconstruction Finance Corporation for funds?

Mr. HOPKINS. No, Senator, we have not.

If I may, I should like to read a short statement and make a few observations later on.

The CHAIRMAN. Very well.

Mr. HOPKINS. As chairman of the Temporary Emergency Relief Administration of the State of New York, I am not at the moment concerned with theories as to which governmental units are responsible for providing the funds for unemployment relief. Rather would I present the exact unemployment relief situation as we find it, and the need for substantial additional funds to meet the needs of the unemployed, even on a minimum basis. In spite of the fact that the State of New York was the first State in the Union to provide

substantial funds for unemployment relief and in spite of the fact that the cities and counties have made a heroic effort through appropriating public funds, there will in my judgment be tens of thousands this winter without adequate relief, if Federal funds are not available to supplement the moneys in our cities, counties, and State. We find ourselves now with a million seven hundred and fifty thousand unemployed persons in the State, which are included in about a million families without income derived from employment. Of these million families, 250,000 are now receiving public relief, and at least a hundred thousand additional families will need public aid before the winter is over.

There is a need of Federal funds for direct unemployment relief in New York, but no full presentation of this need can be made without indicating the great rise in supplementary relief expenditures entailed by local units of government in New York State as a result of this depression. One hundred and fifty million dollars will have been spent for various types of relief by the units of government in New York State in 1932, of which only half was for direct unemployment relief under the jurisdiction of the Temporary Emergency Relief Administration. The State bears no share of the costs of widows' pensions, veterans' relief, old-age relief, hospital bills, or the administration of private unemployment relief, the expenditures for which in 1932 will have amounted to approximately \$75,000,000.

It can be seen from these figures that aside from the public relief which is being jointly financed by the State of New York and local units of government, cities and counties must look forward to paying from six to seven million dollars a month for miscellaneous types of relief which have been unfavorably influenced by the economic depression and therefore have greatly increased their local burden. Of this total of \$75,000,000, spent in addition to public unemployment relief funds, about \$30,000,000 represents private contributions for unemployment relief, which if they continue to decline will have to be added to the local tax burden.

Recognizing at the outset that the local burden has been steadily increasing to meet rises in supplementary expenditures resulting from the depression, we are here concerned primarily with that portion of the unemployment relief problem which is, in the main, confined to those who for the first time in their lives are in need of public assistance for their necessities of life. The State of New York has appropriated for expenditure since November 1, 1931, \$55,000,000 for this form of relief. Of this sum, \$37,000,000 has been expended and the balance is available at the rate of \$4,000,000 a month to supplement local relief funds. During this same period the cities and counties have appropriated and expended for these forms of unemployment relief approximately \$45,000,000, or a total of eighty-two millions from tax funds has been expended in direct public unemployment relief. Two hundred and fifty thousand families are receiving public aid in New York State. These families include 10 per cent of the population of the State. About one-fourth of the unemployed families are receiving public assistance.

The total public expenditures in the State for direct unemployment relief has risen to eight million a month, and the sum should be increased to at least an average of \$10,000,000 a month during 1933. The numbers of those who are asking for relief are steadily in-

creasing. In December, 1931, the cost of public relief in New York State was \$2,000,000. In December, 1932, the cost of public relief was four times that sum.

While relief needs are rising, many cities and counties in the State are finding it extremely difficult, if not impossible, to continue their appropriations, and many districts have been unable to appropriate anything like the sum of money per month that has been needed to meet the situation. It seems to me that they have done extremely well, and there is no indication that State assistance resulted in cities and counties declining or failing to meet their fair share of the obligation. It should be borne in mind that the funds for unemployment relief, in so far as they are provided by local units of government, are in a large measure a tax responsibility on real estate. This tax source has now reached a point where it can not possibly be increased, and there seems little or no likelihood of expecting municipalities in New York to carry more of a burden, and it is very doubtful if many of them can continue, even to provide as much as they have in the past.

It should be remembered, too, that the cities have carried this relief burden through 1930 and most of 1931, without any assistance from the State, and that even with State aid, the number in need have mounted so rapidly that the net cost to the local community increased in 1932 over 1931.

All funds provided by the State of New York, including the \$30,000,000 bond issue will be exhausted by the 1st of May. The State of New York has had such a marked decline in its income from tax sources, that it will be necessary to increase taxes many millions of dollars in 1933 and 1934 to meet the normal costs of government, irrespective of unemployment-relief costs.

While I believe the cities and the State can and should continue to provide all the funds that can possibly be made available for unemployment relief, I do not believe these will be adequate without Federal assistance.

The unemployment-relief problem in its magnitude has expanded beyond the capacity of local and even State resources.

I have indicated to you that in my judgment an average of 300,000 families will require public aid in New York State in 1933. It is my opinion that this ratio of needy families to the total number of families is approximately the same throughout the Nation. If this be so, 3,000,000 unemployed families, or 10 per cent of the population of the United States, will require assistance from public funds in 1933. If they are to receive as little as a dollar per day per family, the total cost of direct unemployment relief will be well over a billion dollars.

It is my judgment that of the more than a billion dollars needed for relief, the Federal Government should provide in 1933 for at least half of this amount; that this should not be in the form of a loan but as a supplementary grant to the several States.

Finally, whatever our theories of the relative responsibilities of governmental units for relief of the unemployed, it is perfectly clear that the unemployed will not get anything approaching adequate relief if the Federal Government does not bear a substantial share of the total amount. In other words, I look forward to the county, the city, the State, and the Federal Government providing the funds con-

currently to meet what I consider to be the most serious problem this country has ever faced.

If I may supplement that with three or four statements—

The CHAIRMAN. The committee will be glad to have you do that.

Mr. HOPKINS. I have before me a statement, which I will file with your committee, of the public relief expenditures in a number of cities in New York State, covering a period of five months, June to October, inclusive, during the years 1930, 1931, and 1932.

For instance, the figures show that in the city of New Rochelle, N. Y., they spent in that period in 1930, \$6,548, and in 1932 they spent \$155,948.97. These figures show that in some cases there has been an increase in expenditure of as high as 2,200 per cent; that the average increase of expenditures has been about a thousand per cent in these two years period of time. The increase in 1932 over 1931, has been anywhere from 500 to 1,000 per cent; in other words, the cities are facing a situation which is unheard of and entails sums of money that can not possibly be handled by them in their budgets.

There is a great confusion in thinking, it seems to me, resulting in the belief that these cities, counties, and State are handling this problem as a budgetary item. They are not. No city in the State is handling it as a budgetary matter. The amount is too great and relief matters can not be handled anywhere as a budgetary item, whether by county, city, or State or, in my opinion, the Federal Government.

If you wish, Senator, I shall be glad to file that.

The CHAIRMAN. We shall be glad to have that incorporated as a part of your testimony.

(The statement is printed in full as follows:)

Public relief expenditures in five months (June-October) of 1930, 1931, and 1932, including cities for which comparable data are available for the same period in the three years

[Cities in which there were some public funds for work relief in 1931 are not included, because the work-relief expenditures are not available. The figures for the 1932 period include home relief and work relief; so far as is known there were no work-relief expenditures in these cities during the two preceding years]

Welfare districts	1930	1931	1932	Increase in 1932 over 1930	Increase in 1932 over 1931
Total.....	\$123,153.00	\$190,846.78	\$1,312,094.08	965	588
Over 50,000.....	48,245.00	65,416.70	701,319.49	1,354	972
Albany.....	22,550.00	23,781.95	160,600.28	612	575
Utica.....	9,178.00	18,748.24	219,015.96	2,286	968
Mount Vernon.....	9,969.00	12,159.69	165,754.28	1,563	1,263
New Rochelle.....	6,548.00	10,736.82	155,948.97	2,282	1,354
Under 50,000.....	74,908.00	125,430.08	610,774.59	715	648
Kingston.....	4,030.00	12,262.26	47,942.60	1,090	291
Poughkeepsie.....	7,794.00	15,005.49	83,657.58	973	458
Batavia.....	9,409.00	14,164.14	49,874.82	430	252
Beacon.....	836.00	2,646.35	10,751.69	1,186	306
Cortland.....	3,564.00	5,690.11	21,140.61	493	274
Fulton.....	10,106.00	12,075.71	63,158.23	525	423
Hornell.....	599.00	1,940.09	12,790.45	2,035	559
Johnstown.....	1,526.00	2,015.45	9,624.77	531	378
Little Falls.....	2,687.00	4,748.86	14,553.88	442	206
Middletown.....	932.00	720.71	5,957.53	539	727
Norwich.....	1,506.00	1,373.12	16,866.39	1,020	1,128
Ogdensburg.....	1,051.00	3,435.39	16,295.25	1,450	374
Oswego.....	19,941.00	28,226.52	156,944.13	687	486
Port Jervis.....	3,127.00	4,812.65	27,950.71	794	481
Rensselaer.....	3,045.00	3,642.10	15,389.12	405	323

Mr. HOPKINS. We have administered in New York State a large amount of public money with a temporary organization set up overnight with the service of hundreds, and I believe, thousands of volunteers—men and women—throughout the State. All of the money has been administered through public agencies.

I firmly believe that large sums of public money could be provided, that administrative machinery could be organized, the people could be secured to administer it, and that these large sums that we are talking about can be administered just as effectively, and I am inclined to think a little more effectively, than they could be administered under private auspices. I have worked all my life in private endeavors and this is my first venture into public service.

I should like to say this relief is given in one of two ways; either work relief or home relief, which means grocery orders, food orders, and so forth. I think that a plan of placing 3,000,000 families in this country on grocery orders and having their gas bill paid by orders will have very serious and unfavorable effects upon the whole country for many, many years to come.

Bear in mind we are dealing with people now who have never had relief before in their lives. I saw the records recently of a list of 300 families who applied for relief and not one of them had had relief or connection with relief organizations before in their lives. The first time they get a grocery order it is tough, the second time it is tough, and the third time even, but if that man keeps on beating a path to a welfare office to get a grocery order he will gradually learn the way and it will be a pretty hard job to get him off of that path.

We can put to work, in New York State, if we had the money, 50,000 men on perfectly good, useful, work projects—not self-liquidating projects, but public projects needed by the State and cities. That could be done right away, and within two months we could put to work 100,000 men on those works. It seems to me one of the important things in this situation is to explore the merits and the possibilities of work relief as compared with home relief.

Senator COSTIGAN. What types of projects have you in mind for work relief?

Mr. HOPKINS. Great projects in public parks around public buildings, roads, grading projects of all kinds and descriptions, building playgrounds and new parks. We have built new parks, and we are building many more.

I have a feeling that if we had Federal funds and could go to a city and arrange for the development of a whole new water-supply system, we could put 5,000 men to work for two years. We could go to the city I have in mind and say, "We will pay the wages and you pay the material cost." I feel on that basis we could get great public projects started in the near future. When I say we could put 50,000 men to work, I mean on projects that we could start within the next few weeks—two or three weeks—if we had the money.

I think it is important that Congress give very wide powers to this temporary organization you propose to set up and that it be authorized to establish rules and regulations to govern itself. Some commission must be given wide powers in this matter. It must exercise them immediately. In my judgment, that should be done soon. People will be just as hungry between now and March 4 as they will be after March 4.

I think it is a conservative estimate to-day that there are 500,000 families in the United States not getting relief who should be receiving it and if this or a similar bill should be passed by Congress, these 500,000 families and 500,000 more could be given the assistance they need.

I think that is all I have in mind.

The CHAIRMAN. I would like to have you amplify your statement that the funds provided by the State of New York did not result in any relaxation of activity on the part of cities and counties. Many persons have criticized any action by the Federal Government based on the theory of grants in aid, on the ground that it would cause the cities, counties, and States to wash their hands, so to speak, of the relief problems, throwing it all on the Federal Government.

Mr. HOPKINS. Well, that certainly has not happened in New York. Why it has not happened, I think, is probably due to two reasons. In the first place, when the State comes to the assistance of the local community the problem is so acute, it is right on the public officials' necks in the towns and cities; therefore, they do not stand on ceremony and say "We will not do our share and if the State does not come in we will not take care of them." They have to take care of them. The second reason, I think, was the policy of the State to say "We will help you; we will go a long way with you. If you are bankrupt and broke, we will finance the whole business," as we have done. We talked with the public officials and put this relief plan on the ground of a great public service, and we found that the bankers and public citizens in the various cities are more than willing to meet us half way.

I am convinced that the Federal Government, with half a billion dollars a year, could get a similar amount from the cities, counties, and States throughout this country. I think it is a matter of how the relief funds are administered.

Senator COSTIGAN. You spoke of volunteer workers assisting you.

Mr. HOPKINS. Yes.

Senator COSTIGAN. Are they trained workers?

Mr. HOPKINS. No sir; business men in the main. We organized in New York State what we call work bureaus in every county, city, and town, and they have charge of the work relief. The interesting development of this program is that the business men, bankers, lawyers, some of whom are giving all of their time, believe in the giving of work relief in preference to home relief. They are business men; but they are, in the main, people with imagination. They employ trained workers to do the investigation of the families, but they run the program. They talk to the city councils about appropriating money and talk to us. We, of course have an engineering staff that must approve the projects before they are put into operation. No one can start a project unless we approve it. If a city wants a waterworks development, we must approve the project because we will pay 40 per cent of the cost. I think you can interest the services of tens of thousands of people in unemployment relief this year.

Senator COSTIGAN. The fact they have volunteered indicates they have imagination.

Mr. HOPKINS. Yes.

Senator COSTIGAN. You have already indicated your judgment that the present legislation is inadequate to meet the needs.

Mr. HOPKINS. Yes, sir; on two counts. Of course you understand that in our State there is a grave question as to whether funds from the Reconstruction Finance Corporation for unemployment relief are a loan; there is a legal question whether it is a loan and nothing that Congress can put into the bill, of course, will affect the constitution of the State of New York. There may be difference of opinion, from the point of view of New York State, whether that does constitute a loan.

The second matter is the required certificate that the State has not money available or money that can be made available for unemployment relief. That is a pretty difficult certificate to ask the governor of a State to put his name to. We do not like that. We would like to see this amended.

On the whole, I personally would like to see it taken out of the Reconstruction Finance Corporation. The R. F. C. could act as the fiscal agent and handle the money. This other body should be set up as a temporary relief administration and the administration should have very wide powers.

The CHAIRMAN. Did the New York law provide wide discretionary powers?

Mr. HOPKINS. Yes.

The CHAIRMAN. Which permitted you to decide whether it should be on the basis of home relief or work relief?

Mr. HOPKINS. It gave us wide powers. One section of the emergency relief law wiped out all powers of statute provisions conflicting with it and another section prescribed that this emergency relief law should be given liberal interpretation and it has been given liberal interpretation by the Attorney General of our State.

Senator COSTIGAN. How do you deal with transients in New York State?

Mr. HOPKINS. Anybody is eligible for relief who has been in our State for two years. Most of the transient homeless have been in the State for two years. We are putting the homeless in lodging houses.

We have just started a little experiment in a park of housing a number of homeless men in barracks. They are working around the park and are paid six dollars a week. They get their board and room and have a dollar or so for incidental expenses.

Senator COSTIGAN. Have you no considerable tide of homeless men who are drifting from other States and who do not come under your 2-year provision?

Mr. HOPKINS. I think Mr. Hodson can answer that question better than I. He has more intimate contact with those figures. We do have large numbers of them and I have no doubt that our cities are liberally interpreting this section of the law which says they shall have a residence for two years. They do give them some kind of relief, however.

Mind you, I think we have had as much money available for public relief as any State in the Union, but in my opinion, our funds have been inadequate.

Senator COSTIGAN. If your administrators are not winking at the law these people are suffering more than the usual beneficiaries?

Mr. HOPKINS. No, I would not say that. I think the people who are suffering most are the family men. Many of them dislike to

apply for home relief. They will go hungry first. If you are speaking of relative suffering, I think that the families suffer the most.

The CHAIRMAN. May I ask whether you found, when you set up this organization, that you could make use of the existing relief organizations in the counties or cities, or whether you found it necessary to set up or reorganize the existing relief agencies?

Mr. HOPKINS. We have what is known as a commissioner of public welfare in every city and county. We use that commissioner for home relief and then set up our own agency for work relief. We deal with two agencies in every community of the Government. We do not work through private agencies.

Senator COSTIGAN. What is the cost of administration in securing and putting your voluntary workers into the field?

Mr. HOPKINS. It depends on how you work them. First of all we have a staff of 10 or 12 auditors. We have a well-trained staff, and the cost of administration is very little as compared with the whole program. Then, one of the reasons for whatever success we have had, has been because the law permitted us to put trained workers into all of the welfare districts, and I presume we are paying the salaries of five or six hundred trained workers.

Senator COSTIGAN. In other words, the organization is far from being on a voluntary basis?

Mr. HOPKINS. Senator, I do not want to leave that impression. The foundation of the whole organization is on the basis of trained service. On top of it is much voluntary service.

Senator COSTIGAN. It would not be economical to endeavor to get along without trained assistance?

Mr. HOPKINS. You could not do it. You are defeated on all fronts, if you tried that.

Senator COSTIGAN. Does the State have a central administration?

Mr. HOPKINS. Yes. We have a budget, I presume, of \$30,000 a month for the State administration which leads me to believe that the administrative cost provided in your bill is very small. There are other details of the bill which I should be glad to write you about.

The CHAIRMAN. We will be glad to have you do that.

Senator COSTIGAN. You have a field service that deals with the counties?

Mr. HOPKINS. Yes, sir; a very good one.

The CHAIRMAN. Mr. Hopkins, the committee thanks you for the information you have given it.

STATEMENT OF SAMUEL A. GOLDSMITH, EXECUTIVE DIRECTOR OF THE JEWISH CHARITIES OF CHICAGO

The CHAIRMAN. Mr. Goldsmith, will you please state for the record your name and occupation?

Mr. GOLDSMITH. Samuel A. Goldsmith, executive director of the Jewish Charities of Chicago.

The CHAIRMAN. A year ago when the committee had this problem before it, you gave some illuminating and helpful testimony concerning Chicago and the communities adjacent thereto. The committee will be glad if you will bring that testimony down to date.

Mr. GOLDSMITH. I will do so and I hope I shall throw more light than heat on the discussion.

With respect to the amount of unemployment I am sorry to say that the amount of unemployment continues to increase in Chicago, in Cook County, and in the State of Illinois.

I do not want to burden the record with the detailed figures again, but I might say that the Federal census of 1930 indicated 265,123 unemployed in Illinois. In January, 1931, there were 756,739. An estimate made in advance of the hearings last year, in October, showed 1,049,000. The local estimate used before the rehearing, if I may call it that, last spring, showed 1,125,000, and the present estimates show, for Illinois, 1,400,000.

These figures are, in a sense, quite devastating because for Chicago and Cook County it is now estimated, using the census figure as a base, that there are 800,000 to 850,000 unemployed and this means more than one-half of the total employable population of the census of 1930.

For the State of Illinois the figures, based on the employable population of about 3,200,000, shows that there are about two-fifths of the total employable population out of work.

If I may refer to the indexes of pay rolls and employment published by the State department of labor, in which the statistician was good enough to write in the figures for November—our index of employment for all the reporting industries stands for November of this year at 58.4. The 100 figure is for 1925-1927.

The CHAIRMAN. How does that compare with November a year ago?

Mr. GOLDSMITH. Sixty-eight and one-tenth for November a year ago; for November, 1930, it was 81.8; November, 1929, 101.9.

For the Chicago manufacturing industries the index of employment stands at 51.8.

Now, taking pay rolls; for all reporting industries in Illinois, the index stands at 37.4. That means for every dollar in 1925 to 1927 spent in wages, 37 cents is being spent now.

For Chicago manufacturing industries the index of pay rolls stands at 28.5. It is an almost unbelievable situation.

Senator CUTTING. How does that compare with 1929?

Mr. GOLDSMITH. That was 100.9. That means that for every dollar spent in wages in 1929 about 28 cents is being spent to-day.

The average weekly earnings in Chicago manufacturing industries—I have only the October figure here—are down to \$19. In 1929 that was \$31.

So you have the fact of declining employment and pay rolls low—almost one-quarter of what they were—and also a lower weekly average wage.

I just want to refer to one other index which has something to do with employment and that is our index of estimated expenditures for Chicago building, based on permits issued. It stood, in October, at 1.8 and in October, 1929, it stood at 134.2. The statistician of the department tells me that he had a statistical problem because in November it is indicated that this index is less than 1—a fraction of 1. So much for the statistics of unemployment.

There are other points which I should like to bring up to date—relief needs, estimate of relief funds needed for 1933, possible resources to meet those needs in 1933, and certain local conditions controlling those resources, and, then, somewhat along the line of Mr. Hopkins's testimony, to give you my personal reaction to this bill.

As for relief needs—and I speak principally now of Chicago and Cook County—in November, 1930, we served 16,500 families. Now, please get the increases here.

In November, 1931, we served 97,000 families.

The CHAIRMAN. What is that increase, in per cent?

Mr. GOLDSMITH. I do not have the percentages here, but I can roughly indicate it. That is almost five times.

In November, 1932, we served 161,000 families, almost ten times as many families as in 1930, and in 1929 it used to be nine or ten thousand families a month.

In addition to those families in Cook County, there are about 75,000 families in what we call down-state, which really means everything outside of Cook County. So, at the present time, there are about 230,000 families receiving relief in the State of Illinois.

In November, 1931, Chicago and Cook County spent \$1,612,287 in relief.

In November, 1932, we spent about \$4,500,000—in Chicago and Cook County. Roughly, that is three times the amount we spent last year.

For the year 1931 we spent \$10,857,713 in Chicago and Cook County in relief.

In 1932 our probable expenditures—because the December figures are not available—will be a little over \$40,000,000, which is about four times that of the previous year.

If you consider March as the high point in the year (which is borne out by the figures), in March, 1930, there were 12,984 families that received \$167,985, in relief.

In 1931 there were 54,969 families that received in relief \$879,218—over four times as many families that received about seven times the amount in relief.

In 1932, 130,784 families in March received \$2,612,211 in relief.

In 1933 I should estimate that for Chicago and Cook County there will be about 200,000 families in March that will receive relief and the governor's commission, which has been conservative in its estimates, estimates they will spend \$7,000,000. My own estimate, which I think is more adequate, is that the amount will be \$8,500,000.

Recapitulating then—March, 1930, and March, 1933, we have \$167,985 as against \$8,500,000 or \$7,000,000; 12,984 families as against 200,000.

In addition we are giving shelter at the present time—and these curves [exhibiting] can be filed—to more than 20,000 homeless single men and women.

Mr. GOLDSMITH. The estimates, of course, depend a great deal on what you call adequate, but as to adequate relief, in passing I would say that Illinois, of course, has been a very good example of help extended by Federal funds. We have received a great deal of help in that direction, but I will refer to that in more detail in a moment.

May I read from a manual published by the Illinois Emergency Relief Commission (Federal), which supervises the expenditure of both State and Federal funds?

The CHAIRMAN. The committee will be very glad to have you do so.

Mr. GOLDSMITH. We have been engaged in a great biological experiment in Illinois. We have been experimenting with the minimum amount of money and food that will keep people fairly healthy. Now, quoting from this manual, page 33, on Standards of Adequacy:

The commission has declared its intent with regard to adequacy of relief. It has further defined its aim as the maintenance of "a standard of living which will prevent suffering."

That is a negative standard; in other words, not a standard of living which will promote health; not a standard of living that will rehabilitate families; not a standard of living which will promote or conserve what we call, in common parlance, the American standard of living, but merely a standard of living which will prevent suffering. [Reading:]

It is the duty, then, of the county committee to determine for the communities within its charge what is the required amount of relief to prevent physical suffering. To do this with any degree of accuracy requires a study of the specific needs of a given family and an estimate of costs at a minimum rate. The amount to be put into the family will be the difference between the minimum needs and the total income of the family from all sources.

Now, let me call your attention to this [reads]:

Clothing.—Clothing has a place in the relief program only as a preventative of physical suffering.

Not to promote self-respect; not to promote even warmth. [Continues reading:]

Comfort, appearance, decency, or even school attendance are not primary aims of the commission.

I have never read anything more cynical than that. Yet, this is a commission which has been whole-hearted in its task and has done everything possible for the people of the State, and has had men like Mr. Ryerson, the chairman, virtually give up his private affairs and come to Washington frequently to secure funds and other assistance.

The manual continues:

These factors, however, are important, and in so far as practicable, may be given consideration. The county committee may make provision for supplying shoes or other clothing needed that a child may attend school. Such help, however, is to be issued only on the basis of actual need. Clothing that is provided through commission funds must still be regarded as prevention of suffering and issued only in anticipation of that contingency.

Quoting further:

Types of disallowed relief.—Rents, hospital care, school supplies, have been specifically denied by the commission in strict accord with the theory and policy that aid is for individuals, not for institutions, and is to prevent physical suffering.

It is true that many landlords are suffering loss because of the inability of tenants to pay rent, but neither the commission nor the committee is charged with the relief of landlords except, as they qualify for aid as above described.

Personally I differ from the commission in the interpretation of the estimate which they recently made which it apparently released to the press yesterday because I saw a brief "release" in the Washington papers of yesterday.

The commission estimates that \$92,000,000 will be needed in Illinois next year.

The CHAIRMAN. When you say next year, you mean—

Mr. GOLDSMITH. I mean this calendar year, 1933. I beg your pardon.

However, that estimate is based on its present standards of operation. That estimate is based on a disaster standard of operation—disaster in the technical social work sense. It fails to recognize that no one has ever experienced a prolonged "disaster" for three or four years; it fails to recognize that when a disaster occurs at San Francisco, Messina, or Tokio, the world pours in money, people go to work, and rebuilding begins. In other words, all great economic forces of finance, reconstruction, and reemployment are set at work. We are simply keeping people alive in this situation and it is a very important thing, in the psychology of the situation, for us to realize.

On the basis of present standards, the Illinois emergency relief commission has made an estimate of \$92,000,000 for this year.

Now, with all the inhibitions thrown around the work—nonpayment of rent, and so forth—there is a difference of \$10, at least, a month in relief; in other words, while the management of the relief agency may be spending, let us say, \$25 a month during the month of November, other family welfare agencies in Chicago, doing a more complete job with families are spending \$35 a month. This is not a maximum but a minimum standard. If one estimates on the basis of the two-fifths difference, Cook County will need from \$58,000,000 to \$60,000,000 on any basis that will get us back on a firm foundation of good social work. This means that we would be dealing with families and with the thousands and thousands of children in these families, on the basis of rehabilitation and good social work rather than on a basis of a minimum disaster program.

For the second half of the year, since none of us can see any great progress in reemployment—and if there were, there would be a lag between the beginning of reemployment and the diminution of relief—it may be estimated that we will need \$50,000,000, which for Cook County, on the basis of adequate service, amounts to \$107,000,000 for the year 1933.

It is a little hazardous to estimate the situation down State. There is not the same kind of work being done down there. Volunteer workers are not only charged with the policy making, but often do the actual work. But if one applies the same standards there, one would estimate about \$14,000,000 down State, or about \$120,000,000 for the whole State.

What are the resources with which to meet the relief needs? In 1932, this last year, we raised a private fund known as the joint emergency relief fund. We raised it in 1931 and spent only \$3,000,000 in 1932. That fund was to last from October, 1931, to October, 1932, but was exhausted on February 1, 1932.

The State of Illinois issued bonds, authorizing an issue of \$20,000,000, of which \$18,750,000 was used in this work.

The Reconstruction Finance Corporation loans for 1932—the last loan was for January, 1933—amounted to about \$25,300,000.

You see, therefore, that we received more money, practically speaking, from the Federal Government than we raised locally, either through State or private financing.

What, again, are the available resources for 1933? Similar to the joint emergency relief fund of last year, we organized in the fall of 1932 the emergency welfare fund. This was primarily to keep the private social work agencies going and it was required in order to keep any modicum of service going in the hospitals and clinics. One hospital in Chicago had cut its free service from 100 beds to 15. This was a good hospital, managed by able trustees. Others had cut such service 30 per cent. We tried to restore to utilization at least 400 beds, so that the Cook County Hospital, which is the only free hospital in that area, would be supplemented at least to that extent in its service.

In this emergency welfare fund, the quota of which was \$7,500,000, there has been set aside about \$5,000,000 for relief; of the \$7,500,000 that originally was its quota we have thus far raised \$4,500,000 from private sources. Many are hopeful that we will raise six to seven and one-half million dollars ultimately. So you can count on from three to four million dollars in Chicago and Cook County from private funds in 1933 for relief.

House bill No. 51—that is the State legislature—was a bill which authorized a bond issue of \$17,000,000 by Cook County for relief purposes. This bond issue was advertised for bids but there were no bids. They were "full faith and credit bonds" which means that they were based on the real-estate tax. The Reconstruction Finance Corporation took \$6,500,000. Whether the Reconstruction Finance Corporation will take the other \$11,000,000, I, naturally, do not know.

Senate bill No. 4 authorized counties in Illinois to issue bonds to the extent of six times their allotment from the motor-fuel tax, which is 1 cent out of the 3-cent State tax. Probably there will be no bids for those bonds because for Cook County, the original \$20,000,000 of the 1932 allotment has to be retired from the 1-cent given to Cook County from the motor-fuel tax. One-half of it has to go to interest charges, and one-half to retiring the bonds. It is very questionable whether the bonds will be issued.

House bill No. 24 authorized Cook County to levy a 1 per cent retail sales tax. There is grave question of the expense and the practicability of a single county levying a sales tax, and so nothing has been done in this respect.

However, this legislation which authorized the motor-fuel tax allotment to counties, will be of tremendous help down State and the relief commission's statistician estimates that this will reduce the down-State needs from \$14,000,000—my estimate—to \$6,000,000. We will have available, in other words, down State, about \$8,000,000.

I know this is a little complicated but I will summarize it in a moment.

The sixth item is the Reconstruction Finance Corporation. I do not know but that we have got into the attitude that the Reconstruction Finance Corporation owes us \$12,000,000 of the \$45,000,000. There is still \$12,000,000 of the original \$45,000,000 left.

The motor-fuel tax diversion will be about \$2,000,000 for Cook County.

So, actually, there will be \$3,000,000 from private funds; \$6,500,000 from the Reconstruction Finance Corporation on the \$17,000,000.

bond issue; there is \$8,000,000 down State; there is a possibility of securing \$12,000,000 from the Reconstruction Finance Corporation in the absence of other legislation and \$2,000,000 from other sources, or a total of \$31,510,000.

If, for the sake of argument, you were to assume that all of this legislation is worth its face value—that is, you could actually get the \$36,000,000 out of the motor-fuel tax allotment, that you could collect the \$11,000,000 from the bonds and levy the sales tax, you still would have only \$51,000,000 against a need of \$120,000,000.

There has been a great deal of talk about a 1, 2, or 3 per cent sales tax in Illinois. Whether that is practicable in the light of the talk of a Federal law, is undetermined; \$19,000,000 is estimated as the gross return on a 1 per cent tax, based on the 1930 retail sales, corrected by the Federal reserve bank retail department stores index.

I am going to talk to you in a minute about the tax situation in Illinois and you can judge whether or not we can, without reducing present taxes, add other taxes in Illinois.

It is perfectly apparent, however, that we will need help from Federal sources, a minimum of \$50,000,000, and at the maximum \$90,000,000, in Illinois this year.

Now, there are certain conditions which control tax legislation in our State. In 1930 taxes were levied in Cook County on \$12,206,000,000 of taxable property. The owners of \$5,734,000,000 of this did not pay the 1930 taxes by September 2, 1932. The date of delinquency was in June.

The Chicago Tribune makes a very good summary of this situation in interviews with the auditor of the city and the county comptroller's office, under date of September 2, 1932. The estimate of the unpaid taxes for 1928, 1929, and 1930, amounted to \$200,000,000.

The CHAIRMAN. We should like to have those interviews incorporated in the record at the close of your statement.

Mr. GOLDSMITH. Now, Mr. Hagenauer, the auditor, estimates this is not due to any tax strike now; the people just simply haven't the money.

For the 1929 taxes, there were 181,000 forfeitures of parcels of real estate to the State for nonpayment of taxes. Hagenauer estimates for 1930 there will be 320,000, about 40 per cent of the taxable property in the county.

We have had some banks closed. The State auditor's office indicates a total of 142 banks have closed, and there has been one estimate that \$250,000,000 in deposits were involved.

In Cook County, in 1932, 98 banks closed.

Now, Mayor Cermak and Governor-elect Horner have both been pledged to policies of economy in government. I know that Mayor Cermak has made great efforts in this direction, but in spite of that we have a situation that again is very difficult. Cook County is five and one-half months behind in its payment of salaries to its employees. It owes these employees about \$5,000,000 in wages.

The CHAIRMAN. Does that include all types of city employees?

Mr. GOLDSMITH. No, sir; the city is separate. I am coming to that. You may know personally that we have a very complex tax situation there and the thing is very much involved. Cook County, in addi-

tion, owes \$1,000,000 to persons who should be receiving mothers' pensions and blind pensions. The City of Chicago is behind and owes its employees \$16,000,000. The board of education is five months behind in paying the teachers and seven and a half months behind in the payment of salaries to others, owing a total of \$22,000,000.

These are figures secured from the offices involved and they make a total of \$43,500,000, representing the debts owed by our governments to their employees. The situation became so bad at one time that a relief station was opened for these people who are unemployed, in employment, in the sense they do not secure wages for their employment; \$50,000 was set aside by the relief commission for this purpose but it was used up in three days. The office had to be closed, because it was felt that all of the 50,000 employees of the city and county would come down for relief. These are factors that control economies that can be made in government. If we are \$200,000,000 behind now and we are not meeting the expenses of government in that we owe the employees close to \$50,000,000, and in addition to this our private citizens have lost money in banks closing and their resources are otherwise diminished, the whole picture of relief needs and taxation for relief needs is, of course, necessarily changed.

Some people in Chicago still believe that a considerable part of the relief needs can be met by additional taxation in Illinois, especially through a sales tax. I believe that they are entirely too optimistic. The situation can not be cleared up by economies in government. The Sargent committee has forced economies in government. I do not see how, with less than fifty or eighty millions of Federal money, we can get along. It is quite obvious that private funds can not aid in the relief situation. We have felt so in Cook County and have tried to work only with the most desperately needy people and have tried just to keep the hospitals and other institutions going through private funds.

It also seems to me quite evident that the taxes which can be levied in Cook County, even with all the economies that the governor elect and the mayor have in mind, will not begin to produce the actual cost of government, let alone an oversupply for relief purposes. Even if the highly problematical sources are realized, Chicago and Cook County will need this tremendous sum from the Federal Government, if adequate work is to be done.

We know that there is no immediate prospect of a change in the unemployment situation that will reflect a change in the requirements from the Government and we must unfortunately come to the conclusion that we need this huge fund. Above all, it is very necessary that we impress upon the minds of our own people and the people of other States that it is necessary to get away from the great experimental basis we have used; namely, the mere sustenance of life, a mere disaster basis, and think of these people as citizens.

In the first place, what is necessary, in my personal, humble judgment, is that relief be planned on some fairly long basis of time. I should judge from Mr. Hopkins's testimony that that was planned in New York State when the New York Legislature made the money available. To the same extent, in our own case, the legislature did not make the money available for one month, three weeks or any odd period of time, or even the Sears-Roebuck month of four weeks. It made it available for relief for some time ahead.

I remember Governor Smith's plea to the bankers in New York City that they permit the relief agencies to plan their program for the entire winter.

We had a very desperate situation when it was not thought that Federal funds would be available, and we cut the relief food budget 25 per cent. That should never have happened, because these figures as to the tax situation and unpaid employees and the closing of banks and all the desperate situations in Illinois are available to anyone, and there should be somewhere a commission that thinks in terms of the needs of the people and not in terms of interest rates and dollars. Relief needs need to be planned, and if possible, for a fairly long-term basis. We know we are in for a long stretch in this business and we might as well act on this knowledge.

Planned relief, furthermore, will make it possible to set up adequate machinery. It will leave local relief machinery above any local political or other influence and will make this the kind of project that it deserves to be made, a project for the relief of the people.

I realize, with Mr. Billikopf and others who testified yesterday, that relief does not solve the depression; that there are many problems involved and important measures, from the control of the gold supply to employment exchanges, and so forth, that have to do with more fundamental aspects. But it happens to be true that one of the things we have done of a constructive nature, directly concerned with the people's welfare in this depression, has been the relief program. It is of paramount importance that we understand that this has to be dealt with centrally through competent personnel; dealt with separately by people who make it a matter of prime importance and their sole concern; dealt with on the basis of planned, rather than hit or miss relief.

Now, you may recall, Mr. Chairman, when I came here more than a year ago, I hazarded a guess of \$700,000,000 for relief needs. According to an article written by as careful a statistician as Leo Wolman in the last issue of the Yale Review, it is indicated that we shall have spent about a billion to possibly a billion and a quarter for relief in 1932. Personally I think the amount you set up in the bill is inadequate. If we were to adopt the Chicago standards, you would need to have a Federal fund well over a billion dollars. To cut it in half, I think you will need from Federal funds for one year, more than half a billion dollars. If you want to do an adequate relief job, that figure will be somewhere around \$800,000,000 or \$1,000,000,000. It is a terrific figure, but we are in a war.

Senator COSTIGAN. How do your people get hospital and health care?

Mr. GOLDSMITH. In two ways: Any person in need of free medical attention can go to the Cook County Hospital which is a public hospital. Some private hospitals give free care. But we have, from the relief fund last year, and the emergency welfare fund this year set aside from private subscriptions definite sums of money and we are paying certain private hospitals \$3.75 per day for care of destitute patients. This represents the average net cost per day's care for those people who have to be certified by a family welfare agency, including the public agency involved. They receive the same care that other patients do.

In regard to the ambulant sick, the commission has so far paid 90 cents a visit, which is a figure for those patients sent in by welfare agencies.

So, generally, the free medical service has been cared for on one hand by private funds and the clinics from public funds.

Senator COSTIGAN. Is the same care provided under the State funds as under the private funds?

Mr. GOLDSMITH. They use the same institutions; so the quality of care would not vary with the source of the money.

Senator COSTIGAN. Is there an advantage in discovering the extent of needs through a strong organization? Does a strong organization tend to discover needs which otherwise would not be discovered?

Mr. GOLDSMITH. I think a strong organization has many advantages. The people in the places where there is no organization simply go underground and live on relatives as described yesterday.

Senator COSTIGAN. I assume the picture you have given us has to do with Cook County?

Mr. GOLDSMITH. Yes; mainly. Of course, in certain of the mining sections down State the needs have been terrific.

Senator COSTIGAN. Have the needs of the down-State districts been charted with like accuracy?

Mr. GOLDSMITH. I think the State commission has had people go down and attempt to bring these counties up to fairly decent standards. Some have had very low standards of relief, but there is a definite attempt to get them up in their standards so that the people will not suffer too much. The personnel available in Cook County, of course, is not available in other counties, and the needs are not perhaps accurately known at the present time, but there has been no case where a person needing relief and applying for it in Illinois has not got it. There has been no serious lapse in providing relief in Illinois, and for that reason our figures of relief are perhaps more indicative of the need than in certain places in New York State and Pennsylvania where families needing relief are not served or relief has lapsed from time to time.

Senator COSTIGAN. What is the disadvantage of such short-time allowance of relief funds, like these Reconstruction Finance Corporation loans?

Mr. GOLDSMITH. Well, Senator, there are psychological and practical effects. I have never felt alarmed because I felt the money would be forthcoming in time. I know, however, the tremendous effect on families. Whenever there is an announcement in the papers that relief funds will give out at a certain date, demonstrations at the stations begin. They are actuated, of course, by unemployed workers' councils which, of course, are communistic, but also they arise from other sources.

In the reduction of the food allowance there was, for the first time, a great mass demonstration in the Loop protesting against the reduction.

Senator COSTIGAN. In other words, such demonstrations are not wholly inspired by outside sources?

Mr. GOLDSMITH. They are inspired by facts. The rent situation is another factor. People feel insecure. This causes, to some extent, an actual disruption of relief work. Workers begin to be concerned

with the demonstrations and protests instead of the conduct of relief work.

Then, there is the distressing psychological effect on the people working in the relief stations and the people securing relief.

Senator COSTIGAN. An article in the Sunday New York Times of Christmas morning indicated that an emergency relief fund had been sought about that time in Chicago of approximately \$7,500,000 and that the goal had fallen short of about 50 per cent. Do you know the facts?

Mr. GOLDSMITH. Yes; I was a part of the campaign. Our goal has been \$7,500,000.

Senator COSTIGAN. Is that a community chest effort?

Mr. GOLDSMITH. No; it is something that resembles the chest, but there are about 105 agencies included in this fund. The fund strives to meet the overload of relief and health needs served by these agencies. About \$5,500,000 is for relief and \$2,500,000 budgeted for other agencies.

By Christmas morning we reached about \$4,250,000. The campaign is not over yet. As a matter of fact, the work is going on and we will keep striving for the goal, because it is absolutely necessary.

The CHAIRMAN. The committee thanks you very much, Mr. Goldsmith, for the information which you have given it.

(The newspaper articles referred to in Mr. Goldsmith's statement are printed in full as follows:)

[Chicago Tribune, September 2, 1932]

FORTY-SEVEN PER CENT OF TAXES STILL UNPAID; A CHICAGO RECORD; \$137,000,000 DELINQUENCY ON BILL FOR 1930

[By Oscar Hewitt]

Only 53 per cent of the 1930 taxes for Cook County have been paid. The delinquent 47 per cent means that \$137,000,000 of the tax bill remains unpaid.

The enormity of that delinquency may be presented more vividly by a comparison of the value of property which has paid and not paid 1930 taxes. The appraisal of the assessors listed \$12,206,000,000 worth of taxable property in the county. Of that total \$5,734,000,000 worth of property—real estate, personal, and railroad—has not paid taxes for 1930.

No record in the history of the county—not even during the period of the great fire of 1871—shows such a proportion of unpaid taxes.

LEVY AND COLLECTION COMPARED

The 1930 taxes collected, in comparison with the taxes levied, are shown in the following table:

	Taxes assessed	Amount collected	Per cent collected
Property:			
Real estate.....	\$221,452,089	\$116,364,283	52.54
Railroad.....	13,340,177	10,470,304	78.48
Personal.....	55,492,239	26,999,778	47.57
Total.....	290,284,505	153,234,365	52.78

It has taken 188 days—more than six months—to collect the \$153,000,000, which is an unusually long time for collections in Chicago. Three times the penalty date has been shoved forward to give property owners all the time possible in which to pay.

To give more encouragement, County Treasurer McDonough inaugurated a 4-payment plan, and County Judge Jarecki reduced the penalty for owners who availed themselves of the plan. Yet only 53 per cent of the taxes have been paid.

EDUCATORS DEMAND PUBLIC PAY

Some of the unpaid public employees, but principally the educators of the school system, have urged that the property owners be forced to pay the taxes assessed. They have argued that the owners can be compelled to pay if they are gone after vigorously.

Dr. George D. Strayer of Columbia University, who conducted a survey of the public schools at a cost of \$100,000, recommended that the schools be closed to compel the property owners to pay their taxes.

That theory has been rejected by every leading student of local taxation. They believe the vast majority of the property owners do not have the cash with which to pay their share of the cost of government. They reason that it is unbelievable that taxes on \$5,734,000,000 worth of property would not have been paid if the owners had the cash.

DIFFICULTIES OF DELINQUENCY

Tax delinquency for the owner of real estate involves him not only in the penalties and interest which accrue, but in other difficulties which require time, trouble, and money to straighten out. The tax experts assert it is unreasonable to suppose that the owners of \$4,900,000,000 worth of Cook County real estate would default on taxes if they had the money with which to pay.

Not only the tax specialists but bankers and owners of large properties have repeatedly asserted that property owners have been assessed beyond their ability to pay.

The D. F. Kelly committee, the citizens' committee on public expenditures headed by Fred W. Sargent, the joint tax commission headed by George O. Fairweather, and others have urged public officials, especially those of the school board, to reduce expenses so that the tax bill would come within the ability of the property owners to pay.

LIMITED SUCCESS SO FAR

Those efforts have met with limited success so far, although some of the officials appear to realize, in part, the seriousness of the situation. Some are beginning to inquire privately when the \$137,000,000 of 1930 delinquent taxes will be paid.

At the present rate of payment—about \$65,000 a day—less than \$5,000,000 more will be paid on the 1930 bill before the books are closed next Christmas. The most liberal estimate of payments before the holidays is \$5,600,000, which would leave \$131,400,000 still uncollected. When that estimated final delinquency will be paid no one has yet ventured a guess.

The county collector has explained that he can not force the property owners to pay if they do not have the money. All he can do under the present law is to "sell the property for the taxes," as it is usually phrased. What is actually done, however, is to auction off to individuals known as tax buyers the privilege of paying the taxes.

TAX BUYERS HELPLESS NOW

But there are no tax buyers with \$131,000,000, nor with a twentieth of that sum. Nor can they borrow \$131,000,000, nor a substantial sum with which to pay taxes, because the banks and investment houses can not estimate when they would get their money back. They can not guess when the owners of the delinquent properties will be able to pay taxes.

So, experts say, the prospect is slim of collecting a substantial part of the \$131,000,000 in the near future. The popular view is that 1930 taxes are unreasonably high and that hundreds of thousands of property owners can not pay them.

[Chicago Tribune, October 21, 1932.]

PREDICTS 40 PER CENT TAX FORFEITURE ON REAL ESTATE; OWNER'S INABILITY TO PAY CUTS COUNTY REVENUE

A comprehensive picture of Chicago's tax situation was drawn yesterday by public officials as Hayden N. Bell, county tax attorney, announced that he will start next Monday to seek judgments in the county court against the owners of property on which approximately \$200,000,000 in 1928, 1929, and 1930 taxes are now delinquent.

Those besides Mr. Bell who contributed to the picture were George Hagenauer, auditor in the office of County Treasurer McDonough, and City Controller Szymczak. Mr. Hagenauer outlined the situation as regards tax forfeitures, predicting that 40 per cent of the real-estate parcels in Cook County will be forfeited to the State because the owners are unwilling, or, in a large proportion of cases, unable to pay their taxes.

Mr. Szymczak, speaking before the Bond Men's Club at the Union League Club, gave an accounting of the city's tax warrant borrowings to finance its operations until the taxes come in and of the tax reductions already made and in prospect which will make it possible for more property owners to meet their tax bills.

MANY OBJECTIONS PENDING

There are now pending in the county court objections to the collection of taxes on some 300,000 items of property. Most of these objections are identical with or similar to those set up in the Bistor case. The Illinois Supreme Court held these objections invalid last spring, and the United States Supreme court refused on Monday to review the case.

As a result of the Bistor decision the county board on Wednesday instructed Attorney Bell to go before County Judge Jarecki and ask that the objections in that and all similar cases be denied, and that judgments be granted against the owners for the unpaid taxes. Attorney Bell and Judge Jarecki estimated yesterday that the judgment cases could be heard at an initial rate of 1,000 a day.

At that rate, it would take a full year to clear up all of the objections. However, Mr. Bell expects that no defense will be offered in 90 per cent of the cases, and he has hopes that all of the uncontested objections can be stricken off and judgments obtained within two months. He and his assistants will pick the larger properties first, as being the ones on which the county is more likely to receive tax payments immediately.

BID IN BY TAX BUYERS

Neither the granting of the judgments nor the sale of the properties involved at tax sales will of themselves give the taxing bodies of the county any money. In former years, professional tax buyers bid in the delinquent taxes at tax sales, paying the taxes to the county and later collecting what they had paid, plus heavy penalties from the property owner.

This system has fallen into disuse. The tax buyers can no longer borrow money from banks to finance their operations. As a result, virtually all properties offered at tax sales are now forfeited to the State. This forfeiture, however, places a cloud on the title of the property, making it difficult or impossible for the owner to sell or transfer it until the back taxes are paid and the cloud removed.

To avoid the clouds on their titles, it is expected that all of the property owners who have the cash will pay their taxes rather than let forfeitures be entered.

MANY OWNERS LACK MONEY

Statistics prepared by Mr. Hagenauer indicate, however, that while the tax strike may be responsible for the withholding of millions of dollars from the Public Treasury, other millions are unpaid because the property owners haven't the money.

Tax sales of property on which 1930 taxes are delinquent, and which are not protected from sale by objections on file in the county court, have been going on for several months. To date delinquent properties have been sold

out of 92 of approximately 900 tax books comprising the real estate listings of Cook County. These sales have demonstrated that the tax buying system is dead for the time being. The county gets virtually no money out of the forfeitures.

Tax buyers have bought the taxes on only 66 parcels of property offered out of the first 92 books. On these 66 sales they have paid into the county treasury only \$7,986.

A second and more alarming feature of the tax sales is the enormous increase in properties forfeited to the State. As has been pointed out, a forfeited property is dead so far as immediate production of tax revenue is concerned. The State holds a lien on it, but the owner keeps possession.

Mr. Hagenauer went over 57 tax books, all in the country towns, and discovered that on 23,051 items in these books forfeitures were entered for non-payment of 1929 taxes. When the 1930 taxes came due, 1929 delinquent taxes were paid up on only 728 items, or 3 per cent of the forfeited properties. Forfeitures for 1930 taxes were entered against 18,916 new items in addition to the forfeitures which ran a second year on 97 per cent of the properties sold for 1929 taxes.

That is an 82 per cent increase in forfeitures. There were 181,000 forfeitures in the country for 1929 taxes. On that basis, Mr. Hagenauer computed that the 1930 forfeitures will number 320,000, about 40 per cent of all the real-estate parcels in the county.

55 PER CENT OF LEVY PAID

At present 54.7 per cent of the 1930 tax levy has been paid. The total tax extensions according to various classes of property and the amount paid to date in each class follow:

	Extended	Paid
Class:		
Real estate.....	\$221,452,089	\$119,226,552
Personal.....	55,492,239	28,925,946
Railroads.....	13,340,177	10,503,032
Total.....	290,284,505	158,655,530

Of the \$131,628,975 in delinquent taxes, the major portion is still protected from tax sales by the objections which Mr. Bell will start attacking next Monday in the county court.

PLANS FOR TAX RELIEF

Relief for the taxpayers who want to meet their obligations but can't, rather than the problem of collecting from those who have the money but are seeking to evade payment, was the theme of Mr. Szymczak's talk before 300 bankers, bond-house executives and estate trustees who are members of the Bond Men's Club.

He told them that the 1931 appropriations for the city corporate, bonds and interest, judgment, library, tuberculosis, sanitarium, and pension funds—all departments of the city government except the schools—were \$90,322,194. Of this \$8,225,302 was salvaged or left unspent at the end of the year.

"The 1932 appropriations for these same funds totaled \$80,903,815," said Mr. Szymczak, "a \$19,887,619 reduction from the 1931 levels. There must be still more reductions in the 1933 budget to bring tax bills down to the level which taxpayers can meet."

STATEMENT OF WILLIAM HODSON, EXECUTIVE DIRECTOR OF THE WELFARE COUNCIL OF NEW YORK CITY

The CHAIRMAN. Mr. Hodson, will you please give your full name, address, and present position to the reporter for the record?

Mr. HODSON. William Hodson, director of the Welfare Council of New York City, 122 East Twenty-second Street; also a member of

the Emergency Work and Relief Administration of the City of New York.

The CHAIRMAN. Will you state briefly what the New York Welfare Council is?

Mr. HODSON. The Welfare Council is a clearing house for some 800 welfare and health agencies in the city of New York. It includes in its membership both public and private organizations engaged in relief and in other forms of welfare and health work.

The CHAIRMAN. The Emergency Work and Relief Administration is a public agency administering public funds?

Mr. HODSON. That is true. The administration is responsible for the preparation of estimates needed for work and home relief, which are submitted to the board of estimates and that board, in turn, makes its estimates to the board of aldermen for allocation of funds for relief work.

The administration has direct supervision over work relief. Home relief is administered through the Department of Public Welfare of which Commissioner Frank J. Taylor is the head with the advice of and consultation with the administration which, as I said before, prepares the estimates of funds needed and allocates the funds appropriated.

The CHAIRMAN. A little over a year ago you were kind enough to give this committee valuable and illuminating information concerning the problem of unemployment relief. The committee would be grateful if you would proceed in your own way to give us further information that you may now have, comparing the present situation with the situation that existed a little over a year ago.

Mr. HODSON. May I repeat a caution which I submitted at the opening of my testimony last year with regard to my status here? As I pointed out to you, the Welfare Council has a large constituency which has varying points of view in regard to Federal relief and whether New York City or New York State should participate in Federal funds.

My own views about that subject are perfectly clear, but in so far as I express an opinion in regard to it, I wish it to be distinctly understood as a personal opinion. I am not speaking for the Welfare Council, nor for the relief administration.

The CHAIRMAN. That will be understood.

Mr. HODSON. In so far as the facts we have to offer are of use to you, they are matters of record in the Welfare Council, so that there is no qualification as to their presentation or use.

I might add that many of the members of the Welfare Council have been so far impressed with the tremendous needs that exist in that city and the tragic inadequacy of relief which is now being given, that a referendum is being taken among the membership in regard to the necessity of asking for Federal funds to supplement the present resources of our State and its subdivisions. This referendum will be completed within a short time; I hope we may be able to present to your committee an official statement of opinion on that point from the Welfare Council.

The CHAIRMAN. If that takes place, will you be kind enough to transmit it to the committee?

Mr. HODSON. I shall be glad to do so, and in the meantime such opinions as I express in regard to the matter are personal.

There are several ways of approaching the relief situation in New York City. One method of determining what the trend has been is to compare the expenditures for the three calendar years 1930, 1931, and 1932 on the theory that your expenditures reflect the increasing need of relief in the community.

In New York, we have a threefold system of relief. In the first place we have private agencies, the family welfare societies, of which there are 11 which carry the bulk of private relief and which receive very substantial grants from our Gibson committee which is raising, privately, large emergency funds.

In addition to that we have expenditures of the American Red Cross, the Salvation Army and by the Emergency Work Bureau, which is an arm of the Gibson committee, which with private funds provides made work for those applicants who are eligible for that type of relief.

If you compare the expenditures for 1930 with those of 1931 and 1932, you get the picture for private agencies as follows:

In 1930 private agencies spent \$5,285,000 in round numbers.

In 1931 they spent three times as much, in round numbers, \$15,378,000.

In 1932 (estimating for the month of December) we had an expenditure of \$18,880,000; that is to say, from 1930 to 1932 we had an increase in private expenditures of more than three times.

Secondly, we have what is called the semiofficial agencies in New York. They are semiofficial in the sense that they are administered by public bodies, but the funds are provided through the contributions of public employees; in other words, it is a private fund officially administered.

There are two types of relief services which are rendered under this plan; one is called the mayor's official committee which derives its funds from the contributions of employees of the city government, and the other is the Board of Education school relief fund which derives its income from the contributions of teachers.

Now, these two forms of relief are largely supplemental; that is, the mayor's official committee does not undertake the permanent care of families, but supplements by the giving of food and coal, and so forth, from time to time.

The school relief fund gives hot lunches to the needy children in the schools, and it has also given a limited amount of occasional relief to families of school children in their homes. The major part of the school fund goes for school lunches.

If you combine those two forms of semiofficial relief you find in 1930, we spent \$360,000; in 1931, \$2,135,000; and in 1932, \$3,450,000. Whether these two types of relief will be continued this year or not is questionable because of the impending salary reductions for city employees and school teachers. As a consequence they may reduce their contributions to this fund or cease their contributions altogether. They have taken no final action in that regard as yet.

The third type of relief is that administered by public agencies, and that divides itself into two general types; first, there is the emergency relief, the work and home relief which is administered

under the terms of the State relief law and under the general supervision of the Temporary Emergency Relief Association of which Mr. Hopkins is the chairman. In addition to this emergency relief there are so-called permanent forms of relief, mothers' pensions, old-age pensions, assistance to the blind and also assistance to veterans, although the amounts of money spent for veterans have been so large they have taken on the aspect of emergency relief.

If you combine all those forms of relief, both emergency and permanent, you find in 1930 we spent \$9,000,000, in round numbers; in 1931 we spent almost \$29,000,000, and 1932 a little more than \$57,000,000, an increase in three years of more than six times.

Now, if you take the grand total of all these forms of public and private relief, you find in 1930 \$14,600,000 was spent, in 1931 \$46,274,000 and in 1932 just over \$79,000,000. That represents what New York City has expended from all sources of which we have record in each of the three years cited.

I would not leave you with the impression that the expenditure of these large sums has fully met the need. As I stated at the outset, because of limited funds, relief in New York City is tragically inadequate both as to the amount given to individual families and inadequate in the sense that we have not had sufficient money to take care of all persons who have made application for assistance.

One of the very aspects of this limitation of funds is that while the State law requires us to meet the various minimum needs of families, such as food, shelter, clothing, light, medical care, and so forth, the fact remains that some 70 per cent of all the money expended by the home relief bureau of the city has been used for food and about 25 per cent for rent, leaving only 5 per cent for all other purposes.

In New York we have two forms of public relief: (1) Work relief, or the payment of wages for work performed, and (2) home relief, which is relief in kind, not an allowance in money; that is, a family receives a food order, has its rent paid, and so forth.

The result of the inadequacy of relief funds is that there is very little available for medical service or clothing.

Rents are paid only when there is danger of eviction. They are not paid as a matter of regular routine.

The CHAIRMAN. That includes clothing and shoes?

Mr. HOLDEN. Yes, sir.

Senator COSTIGAN. In other words, you have not attained the standard, which Mr. Goldsmith did not consider high, of preventing suffering?

Mr. HODSON. We have not been able, thus far, to provide adequate relief. We have prevented families from starving to death, and have met, in part, the most urgent distress. Beyond that we have not attained a standard which is adequate.

Senator COSTIGAN. Mr. Hodson, had you resorted to the work relief which Mr. Hopkins mentioned, would there have been so large a fund available for food and such other necessities as you have specified?

Mr. HODSON. Senator, we have 36,000 heads of families on work relief in New York City.

Senator COSTIGAN. Assuming that the entire fund has gone to work relief, would there have been a substantially smaller amount available for food and other necessities?

Mr. HODSON. Well, the average that is provided under work relief is about \$42 per month, whereas the average provided under home relief is approximately, at the present time, about \$30 per month; so, the general standard of work relief is somewhat higher than home relief.

The size of the families cared for under work and home relief is about the same.

Now, just a further word about the difficulties which have confronted the relief administration and the commissioner of public welfare: Something has already been said about the necessity for planning relief, for knowing in advance where you stand and what you can do. The relief authorities have not known from month to month how much money was going to be available. The practical result is that instead of taking on all persons who apply for assistance and giving them relief immediately, as their needs indicate, you have to hold back because the funds may not be available to pay the bill.

The city relief administration has submitted a six months plan of relief for New York City to the board of estimate and this plan has been approved in a general way by that board but the bankers have not been willing to commit themselves to the purchase of city securities over a period of months. They have stated that the present state of the city's credit would permit of only temporary month to month financing. Until this situation is cleared up there can be no planned relief program.

Our situation has been one of very great uncertainty in spite of the fact that New York City has, year by year, increased by very large percentages the amount expended for relief. On one occasion our home relief stations were closed for lack of funds.

The CHAIRMAN. For what duration?

Mr. HODSON. About two weeks.

Senator COSTIGAN. When?

Mr. HODSON. January, 1932, and in April, 1932, we had to cease taking new applications for several weeks.

Now, for the coming year, if the private organizations can raise as much money this year as they did last—the expenditure, you see, last year was approximately \$19,000,000—the city of New York must provide not less than an additional \$60,000,000 for emergency relief purposes, exclusive of the permanent forms of relief like mother's pensions, and so forth. This \$60,000,000 might well be divided on the basis of 60 per cent from the city and State (30 per cent each) and 40 per cent from the Federal Government if, as and when the officials of the State government find it possible to avail themselves of the opportunities afforded either under the Reconstruction Finance Corporation act or under the terms of the bill which this committee has under consideration, or some other.

This then is the picture. It is a picture of inadequacy, inadequacy as to the amounts of relief given to individual families and inadequacy in the total amount that is available for the care of those people in New York City who are in actual need. A brighter aspect of the picture is the splendid work of Commissioner Taylor of the Department of Public Welfare and his able assistant, Mary L. Gibbons, in charge of the Home Relief Bureau.

The CHAIRMAN. Have you those figures in detail?

Mr. HODSON. I have them in detail; yes.
 The CHAIRMAN. I would like to have them incorporated into the record.
 Mr. HODSON. I will leave them with the stenographer.
 (The figures referred to are printed in full as follows:)

Expenditures for outdoor relief in New York city for the calendar years 1930, 1931, and 1932

	1930	1931	1932 ¹
Private agencies:			
11 family service agencies.....	\$2,328,291	\$4,135,461	\$6,000,000
American Red Cross, New York and Brooklyn chapters.....	55,436	61,334	59,000
Salvation Army, family relief.....	75,116	334,897	470,000
Emergency Work Bureau, wages.....	1,736,766	9,015,423	10,000,000
Emergency Work Bureau, relief.....	12,888	162,352	141,000
Emergency Work Bureau, Harlem branch.....		16,043	232,963
Gibson committee, city directory project.....		22,901	370,000
Other relief agencies.....	1,077,262	² 1,629,488	1,600,000
Total private.....	5,285,759	15,378,199	18,872,963
Semiofficial agencies:			
Mayor's official committee.....	307,609	1,564,972	1,550,000
Board of Education, school-relief fund.....	53,842	570,633	1,900,000
Total semiofficial.....	361,451	2,135,605	3,450,000
Public agencies:			
City work bureau.....		114,413	19,800,000
Other city work relief.....		7,984,965	
Home-relief bureau, regular cases.....		11,653	12,900,000
Home-relief bureau, veterans.....			3,400,000
Department of Public Welfare, veterans' relief.....	1,699,995	3,904,207	1,320,000
Department of Public Welfare, blind relief.....	199,773	199,115	200,000
Department of Public Welfare, old-age security.....		7,163,905	9,000,000
Board of Child Welfare, mothers' aid.....	7,121,273	9,382,263	10,400,000
Total public.....	9,021,041	28,760,521	57,080,000
Grand total.....	14,668,251	46,274,325	79,402,963

¹ Estimated.

² Expenditures for various fiscal years of agencies.

Mr. HODSON. There is no question about the need for Federal funds in the city of New York during the coming winter. I quite agree with what Mr. Hopkins has said—our problem is to get the largest possible sum from the city and State and Federal Government for relief and I have suggested that perhaps a reasonable percentage basis upon which this might be worked out would be 60 per cent from the city and State and 40 per cent from the Federal Government, through Federal funds.

Senator COSTIGAN. Do you feel, in suggesting that figure, you are making due allowance for increasing needs to come?

Mr. HODSON. Senator Costigan, there is no such thing as adequate relief. You can not substitute charity for the pay envelope. We shall never be able to maintain the standard of living to which our people have been accustomed, because we have temporarily substituted a relief economy for an industrial economy. We are taking care of in New York, over 108,000 families. You see what a substantial proportion of the population of the city of New York is taken care of on a relief basis. What we are trying to do is to make the relief as adequate as it is humanly possible to do. The estimate of the city relief administration that \$60,000,000 is required for emergency relief alone is not adequate. It is more adequate than we have now,

and it seems to us to represent a practical compromise between the full amount needed and what it is possible to get in the way of funds.

The CHAIRMAN. What would that provide?

Mr. HODSON. Five million dollars per month has been asked for by the relief administration and that amount was approved by the board of estimate for December. Due to financial difficulties we have not had more than approximately \$3,700,000 per month. So, we have not secured the minimum which the relief administration thinks is necessary to relieve the most urgent requirements in the community. It may be that the estimate, as we go along, will have to be increased, provided more money can be obtained. If we secured the balance we could care for 30,000 additional families.

The CHAIRMAN. Will you explain, if you please, the respect in which the relief would be more adequate if the estimate for the six months' period, as has been presented to the board, were approved?

Mr. HODSON. It would be more adequate in two ways: First, it would provide more of the necessities of life for needy families now receiving help, such as medical care, clothing, light, fuel, etc.; secondly, a larger number of families—30,000—could be cared for.

The CHAIRMAN. Would it provide for those who are in need of relief in New York and who are not receiving it to-day?

Mr. HODSON. On the minimum basis I think the answer is yes, provided the private agencies are able to raise and spend this year as much as they did last year.

The CHAIRMAN. And to the extent that they fail, of course, public activity must be increased?

Mr. HODSON. Yes, sir.

Senator COSTIGAN. Are there any families applying for relief or registering for work relief which are not being cared for in New York City?

Mr. HODSON. The city relief administration is not taking on any additional persons at this time for work relief. All the additional relief comes through the home relief bureau. The theory is that work relief is more expensive and should not be increased at this time. The extra cost includes materials as well as wages. The morale value of work relief is high when properly administered, which means the proper selection of the persons for work relief and adequate supervision of them while on the job. It has no significance in and of itself where you simply put a man through his paces in order to qualify him to get his pay envelope at the end of the week.

Now, the feeling has been on the part of many members of the relief administration that since work relief is inherently more expensive than home relief, more persons could be cared for if the funds were spent for home relief.

Senator COSTIGAN. Do you share that view?

Mr. HODSON. I share it so long as funds are restricted, but my feeling is that in spite of its extra cost, we have not reached the point where we ought to destroy those morale values which are safeguarded through work relief and my thought is that we have not yet reached that point of financial and spiritual bankruptcy which would justify us in completely stopping our work relief program. I think the present program should be continued and personally I should like to see it extended if the funds can be provided.

The CHAIRMAN. Before you leave that, Mr. Hodson, I do not believe you have quite answered Senator Costigan's question, as I understood it. Are there deserving cases in New York City to-day which are not being cared for?

Mr. HODSON. The answer to that is yes, because funds are not available.

The CHAIRMAN. Have you any estimate of how many?

Mr. HODSON. I should say there are not less than 30,000 families in urgent need that are not cared for.

The CHAIRMAN. Have you been forced through lack of funds to set up any standards or classifications concerning the families who will receive relief and those who will not? For instance, has the number of dependants anything to do with it?

Mr. HODSON. There have been several standards set up. Under the law a single, unattached person who has no family, is entitled to relief. Because of the inadequacy of funds, those persons who are heads of families are given preferred rating, with the result that many persons without any responsibilities are not taken care of as they should be.

Now, as to the heads of families, only those without resources can be taken care of.

The CHAIRMAN. Then, due to the exigencies of the situation, it is a fair statement to say that the family must be pauperized before relief can be provided?

Mr. HODSON. It is a fair statement to say a family in New York City can not get relief until its own resources are completely exhausted.

The CHAIRMAN. Well, that is simply a nicer way of saying the same thing.

Senator COSTIGAN. Will you pardon an interruption to let me ask Mr. Goldsmith what his answer would be in reply to the question as to whether there are families in his community entitled to relief and who need relief, but who do not receive it?

Mr. GOLDSMITH. The answer is that there are no families that apply for relief that do not get it. If they apply, they receive relief.

Senator COSTIGAN. In other words, the administration of relief in New York City is not as efficient, if that be the proper word, as that in Chicago, in meeting relief needs?

Mr. HODSON. Well, Senator Costigan, I would not want to draw any invidious comparisons. My answer as to New York City is that there are not now sufficient funds available at this time to care for all persons in immediate distress. It is not a question of efficiency but of lack of funds.

The CHAIRMAN. I do not wish to interrupt the continuity of your statement, but you have given the increase in terms of dollars expended for relief purposes. Can you give us the same figures, so far as number of families or number of individuals receiving relief during the same years are concerned?

Mr. HODSON. The total number of families cared for by all public and private organizations in November, 1930, was about 27,000. In November, 1931, it was 108,121, and in November, 1932, it was 178,717. These figures include both permanent and emergency relief.

The CHAIRMAN. Now, will you please proceed in your own way?

Mr. HODSON. Mr. Chairman, I want to say a word or two in regard to the principles which underlie the Costigan-La Follette bill in regard to relief. In my testimony before this committee last year, I referred to a letter to the President in which I had indicated to him that there was a well established governmental system by which the Federal Government could participate with the State in a joint partnership in carrying on projects which are both of local and national concern. As I read the debates in Congress in regard to Federal relief last year, it occurred to me that sufficient emphasis had not been placed upon the American experience with Federal grants in aid. The argument has been that the use of Federal money for relief is a new and dangerous policy. We have been told that the Federal Government should not concern itself with the problem of relief because it is a local problem.

In my testimony last year I indicated my belief that the actual administration of relief is local; it is obviously impossible for a central bureau to carry on relief work in the localities and no one has proposed such a thing.

The administration of relief is a local responsibility, but the financial support of that relief is a responsibility of the local, State, and Federal Governments.

Because we have not pressed home our experience with Federal grants we have failed to meet some of the arguments against the Federal Government cooperating with the States in meeting this national disaster. Two arguments are advanced; first that by making Federal funds available you dry up the local resources local communities will no longer do their full share but will expect the Federal Government to do it all.

There is a very real point in that argument which we must not overlook. However, the experience of the Federal Government is the administration of Federal subsidies breaks the force of that argument. Federal subsidies began in 1785 when the Federal Government granted lands to the States for the purpose of education. The Morrill Act of 1862, made similar grants to States for the promotion of teaching in agriculture and the mechanic arts.

In 1911, Congress adopted the Weeks Act, providing for Federal cooperation in the prevention of forest fires. Then there followed, in quick succession, from 1914 to 1920, four acts extending aid from the Federal Treasury for education in agriculture, the construction of good roads, vocational education and the rehabilitation of disabled persons. Then in 1921 came the Sheppard-Towner Act to promote adequate health care for mothers and babies.

All those acts, Mr. Chairman, involve the participation of the Federal Government, through the making available of grants of money to the localities for the purpose of carrying on activities which were of both a local and a national character. Unemployment relief is, after all, a national problem as well as a local problem, and the Federal Government has a greater interest in providing relief and assistance for those in need than it had in promoting the various services covered by the different grants in aid which have been referred to.

Now as to the argument of drying up local resources. Under the Federal subsidies, the making available of those funds on a 50-50

basis has resulted in the expenditure of more money by localities for the purpose enumerated, than was put in by the Federal Government. In other words, we should regard Federal aid not in the light of a central fund into which the localities may come and dip, as if it were a common equity, but rather in terms of a fund which supplements the resources of the various local communities for relief, as it has done in the case of roads, maternity and infant hygiene and education.

Experience has shown that a partnership relation between the Federal Government and local communities does not result in drying up local resources but rather in stimulating them, making more money available for the better accomplishment of the purposes for which the subsidies were given.

Take the relief experience of New York State: The New York State law was set up on the basis that the State Government would provide 40 per cent of the localities' expenditures; in other words, when the localities were doing their duty, the State commission could supplement their funds. There was a provision that where a locality was not able to handle the job, the State would come in and do it all if necessary.

The experience of New York State has been that much more money has been spent by the localities for relief because of the fact we had the temporary emergency relief administration and because we had the resources of the State government behind the localities.

Now, there is another important factor in the situation in New York which is the wise and intelligent administration of the State temporary emergency relief administration in carrying out the provisions of the relief law. This administration has cooperated with the localities in every way.

To summarize, a Federal subsidy given for relief based upon the principle of grants in aid, which means a supplementing of local resources, and given good administration, will not dry up local resources, but on the contrary, will stimulate them.

Now, the second argument which has been offered against a Federal relief plan is that it creates a Federal bureaucracy which controls local authorities and takes administrative power out of their hands.

There is a very interesting book which I think the members of this committee, if they are not familiar with it and have any time to read with the responsibilities placed upon them, should read, and that is a book by Austin McDonald, on Federal Subsidies. He has studied the whole system of Federal subsidies, and has found that the Federal Government has not dominated the localities. It has brought the experience of each State to every other State. It has advised the States on methods and policies—improved their administration and stimulated them to better performance and more satisfactory results. The ultimate authority of the Federal Government does not have to be involved often and when it is, the most the Government can do is to withdraw its financial aid. The States are then at liberty to carry on in their own way.

Experience indicates then, that Federal subsidies have not resulted in a dangerous expansion of Federal powers.

I would add in that connection that the temporary emergency relief administration of New York State has not dictated to the

local communities but has cooperated with them and assisted them in every possible way with excellent results in terms of more adequate and efficient relief administration.

Senator COSTIGAN. The State contribution in New York, as a matter of fact, did stimulate contributions from the city of New York?

Mr. HODSON. There is no question about that, Senator Costigan, and had it not been for the passage of the emergency relief law the city of New York would have been unable to administer any outdoor relief at all.

When the State fund was created New York City took advantage of it and was thus able to spend more for relief because it received back from the State 40 per cent of what it spent.

To summarize, Mr. Chairman, it seems to me that the facts of our own experience, both Federal and State, indicate that this partnership between the Federal Government and localities can be established on a basis which will increase the amounts of money available locally, which will improve the standards of administration and, most important of all, will put the combined resources of the localities, States, and the Federal Government at the disposal of those who are caring for the needy throughout the country.

One or two other points and I am through. I wanted to ask whether, under this bill, the \$500,000,000 provided is for the 2-year period of the law or whether other appropriations might subsequently be made available?

The CHAIRMAN. The theory of the bill is that it would be for the 2-year period, but of course, if this fund should prove inadequate, deficiency appropriations would be made.

Mr. HODSON. In other words, there is nothing to prevent the Federal Government from providing more than \$500,000,000. May I express my personal judgment that that undoubtedly will be necessary.

The second thing I had in mind is that provision of the bill in regard to apportioning the funds on the basis of population, with the proviso that not more than two-thirds of the amounts provided locally shall be returned. It has been our experience in New York that our law which provides for a 40 per cent refund to the localities based upon what they have spent, with the additional provision to take care of emergency situation, has a great deal to commend it. That 40 per cent is there and the localities know they are entitled to get it. It seems to me it is a much sounder basis for allocation than population, and it has the virtue of meeting the argument that local resources will vanish. You say to the locality you will return 40 per cent of what they spend themselves, except in those situations where it is impossible for them to provide the funds in such cases you will do more. It has the distinct advantage of putting the Federal Government into the position of supplementing the funds of the locality rather than in the position of what might be termed by some a pork-barrel distribution based on population. I offer that for consideration by the committee in the light of what seems to me from the standpoint of New York City to have been a very favorable experience with the provision of 40 per cent refunded on the basis of local expenditures.

Now, one other point, Mr. Chairman: We have been discussing here the whole problem of relief and getting money into the hands of those who needed it. Very little attention has been paid to any of the efforts which are springing up in various parts of the country for self-help by means of barter and exchange of services and goods. Those efforts are very modest and have not gone very far, but they represent a real effort on the part of people who are in need to help themselves.

I submit for your consideration this question: Is it worth while, either in this bill or in some other way, for this committee to take cognizance of this effort of people to help themselves to the extent perhaps of having this board which is to be set up through your bill, make some investigation as to the extent to which these efforts at self-help have progressed, with a view to giving such assistance as may be practicable.

The CHAIRMAN. You are referring to the efforts at barter and exchange which are said to have begun in Seattle and which have extended to New York?

Mr. HODSON. Yes, sir; New York has its exchange association, a very small association with strong leadership and without funds. They have begun to exchange goods and services. I think it is a very promising experiment. It is one really constructive thing that has come out of the whole situation other than the necessary and inevitable job of providing relief to those who need it.

Senator COSTIGAN. In New York City has the experiment gone so far as to include the renting of factories and the production of the necessities of life by the workers?

Mr. HODSON. That is contemplated, but it has not reached that point. The other day the Emergency Exchange Association as it is called sent 10 carpenters to a farmer out in the State to help build a barn. They will be paid in apples and they will bring those apples back and get what they can for them. That is a very small thing in itself, but it indicates possibilities which might be developed.

Senator CUTTING. Just how do you think the Federal Government could help?

Mr. HODSON. If you had set up your Federal emergency relief board, it seems to me that board might undertake to survey that whole situation and find out what these various experiments are, how far they have produced results, and to provide a kind of consultation service to these people, giving them the backing and prestige which would come from recognition by such a board as your emergency relief board.

Senator CUTTING. You were not thinking primarily of financial assistance?

Mr. HODSON. I think that should abide the event. I do not think the experiment has reached the point where you would be justified in granting Federal funds. On the other hand, in time, they may have a claim on Federal funds.

Senator COSTIGAN. In other words, the funds extended should result in genuine human relief where necessary you think it might be possible to employ the funds in that respect?

Mr. HODSON. Yes. How much better for a carpenter to work and the farmer in turn to give him food for his services!

Senator COSTIGAN. May I ask you to comment, before you conclude, on the efficiency of the present Federal legislation? I refer to the Federal Reconstruction Finance Corporation act, in the field of emergency relief.

Mr. HODSON. New York City and New York State have not availed themselves of the provisions of the Reconstruction Finance Corporation act, so I have no personal experience which justifies me in expressing an opinion. I am not sufficiently familiar with the national experience to comment on that basis.

But I have had a strong conviction that the administration of the Federal funds for relief purposes is quite a different thing from the administration of loans to banks and railroads and self-liquidating corporations. It is a wholly different problem. This relief problem is a human problem and calls for a board that is peculiarly qualified for the work in hand and can devote its full efforts to it. I have no doubt the staff employed by the Reconstruction Finance Corporation, many of them I know, have done the very best thing they could.

The CHAIRMAN. Under the terms of the act, for which Congress must accept responsibility?

Mr. HODSON. Yes, sir. They have done the best they can under the law as it stands.

In New York, just as we have set up a temporary emergency relief administration, so this enormous job of dispensing Federal relief should be in the hands of a board specially selected for that purpose, a board that can give the time and attention which are required to do this job as it ought to be done. I do not believe personally you can get that kind of consideration when you have the administration in a corporation with the tremendous responsibilities which the Reconstruction Finance Corporation has, and the variety of responsibilities which it has assumed at the present time.

Senator COSTIGAN. In your judgment, does not inadequate relief tend to break down the wage and living standards of those who are employed?

Mr. HODSON. Senator, I am very much afraid that one of the results of the work relief program, with its \$5 a day for three days a week may be to fix in the public mind the thought that if a family can get along with \$15 a week in times of distress, that under ordinary conditions they do not need much more. I think the relief wage of \$5 a day for three days a week will tend to reduce the wage standards of the country for a long time to come.

The loss of morale consequent to the depression is creating a problem not only for the present but for the future as well. A man who has only three days emergency work a week for months or years will lose the discipline essential in industry in normal times.

I think something should be done now about unemployment insurance. It is not, of course, a panacea for the unemployment problem, but it is a partial means of preserving self-respect in times of depression.

The CHAIRMAN. In commenting upon the past experience of the Federal Government in projects of cooperation with the States, I noticed that you were referring to some more complete memorandum?

Mr. HODSON. Yes; I have two documents here. This letter to the President which I have summarized.

The CHAIRMAN. That is already in our previous record.

Mr. HODSON. The other is a report that I have prepared, as the chairman of the subcommittee of one of the White House Conference committees on the administration of Federal subsidies.

The CHAIRMAN. Would you be at liberty to submit that for the record?

Mr. HODSON. Yes, sir. There are certain portions of it which are not applicable. I can mark the part that is applicable.

The CHAIRMAN. I would like to have you indicate that on the memorandum and then submit it for the record.

Mr. HODSON. I will do so.

Senator COSTIGAN. Your reference to unemployment insurance leads me to ask whether, if such insurance had been in vogue during this period, the probabilities are not that there would have been far higher standards of relief insisted upon, on the assumption that the persons entitled to unemployment relief are really being compensated in periods of idleness on some basis approximating that of which they were earning wages when employed?

Mr. HODSON. Do I understand your question to be this, that had we had unemployment insurance, the general level of relief administration would have been higher?

Mr. COSTIGAN. That, in effect, is the question.

Mr. HODSON. I think the answer to that question is in the affirmative. I think if we had had an adequate system of unemployment insurance, the demands for relief would not have been so great and we should have been better able to meet them.

The CHAIRMAN. In other words, a cushion?

Mr. HODSON. Yes, sir; and by the way, the report of this Ohio Commission on Unemployment Insurance is a very significant document. It is there pointed out that had insurance been in operation for some 10 years prior to the depression the reserves would have been greatly in excess of the funds thus far provided for relief.

(The memorandum referred to in Mr. Hodson's remarks is printed in full as follows:)

REPORT OF THE SUBCOMMITTEE ON THE FEDERAL GOVERNMENT AND CHILD WELFARE

GRANTS IN AID

In the judgment of the committee the most satisfactory method by which the Federal Government can cooperate with the States is through the partnership effected by the grant-in-aid system. Such grants are already an established governmental procedure in this country and have been widely used in England. A distinguished English commentator referred to the successful character of the relationship established between local and national government in the following language: "A remarkable combination of liberty and efficiency." Another authority remarks that "It has maintained, at least in part, the virtues of a decentralized administration without suffering it to fall into the vices of negligent parochialism."

As early as 1785 Congress made grants of land out of the Northwest Territory to the States for educational purposes. The Morrill Act of 1862 made similar grants to the States for the promotion of teaching in agriculture and the mechanic arts. This act differed from previous ones in that it imposed definite conditions to be met by the States in order to safeguard the proceeds and insure their application to the designated uses. The grants were thus a conditional gift and not a sharing in a common equity.

It was not until 1911, when Congress adopted the Weeks Act providing for Federal cooperation in the prevention of forest fires, that a precedent for

truly effective cooperation between State and Nation was established. There followed in quick succession from 1914 to 1920 four acts extending aid from the Federal Treasury for education in agriculture, the construction of good roads, vocational education, and the rehabilitation of disabled persons. Then in 1921 came the Sheppard-Towner Act to promote adequate health care for mothers and babies. Congress has made no appropriation for the current year, and the operation of the act is therefore suspended temporarily with a real possibility that it may be abrogated entirely. It is worthy of remark that no other grant in aid has ever been suspended or withdrawn. That distinction was apparently reserved for the act concerned with the health of mothers and babies. Moreover, the Sheppard-Towner Act seems to have been the special object of attack not only by the opponents of this particular measure but by those who object generally to grants in aid, although they have not heretofore voiced objection as against any other grants. This opposition will be considered more at length later in this report.

From the standpoint of governmental policy, the grant-in-aid system has six distinguishing characteristics:

1. It declares that certain matters, traditionally regarded as of exclusive State concern, are so affected with a national interest as to justify and require assistance from the Federal Treasury. Thus the Nation has a stake in the prevention of forest fires, in the building of good roads, and in the health of mothers and babies and seeks to establish a national minimum in these fields of administration.

2. While in a remote sense many activities of the State may be regarded as having national aspects, the grant-in-aid policy selects those in which the national interests are definite, direct, and substantial. Moreover, Federal aid is provided for those activities which are not already well developed by the States but which need the stimulus of such aid to insure their initiation and healthy growth.

3. The States are individually and collectively free to accept or reject Federal aid, and no State is eligible for it until the legislature has declared its acceptance by legislative enactment.

4. The project for which aid is accepted is administered by the State and its subdivision. The State must prepare its plan of operation, and this plan is subject to approval by the Federal authorities. The principle of local administration and control is preserved, and the danger of Federal bureaucracy is avoided.

5. The initiative of the States is stimulated and their active acceptance of responsibility is insured by the requirement that the States must match Federal funds dollar for dollar. In fact, State expenditures for Federal-aid projects are greatly in excess of the amounts received from the Federal Treasury.

6. The required approval of the Federal authorities for the State plan of operation and their periodic visitation and inspection of State administration provides an effective method for securing the desired national minimum of efficiency. Without jeopardizing local autonomy, grants in aid afford a practicable method of focusing upon local administration the broad experience and expert knowledge of a central authority which is in touch with the whole field of activity throughout the country.

AMERICAN EXPERIENCE UNDER GRANTS IN AID

A review of American experience under the grant-in-aid policy discloses that every State has accepted some form of aid and most of the States have accepted all the varied forms of assistance. The total Federal appropriations have grown from eight millions in 1912 to one hundred and forty-seven millions in 1925. Not only have the State matched Federal funds, they have exceeded them in every instance. In the case of road building the States appropriate five times as much as they receive from the National Treasury. Mr. Austin F. McDonald has reported in his book, *Federal Aid*, the results of his personal inquiry among States officials in every part of the country as to the effect of these grants upon State administration. The testimony is overwhelming that Federal assistance has either been the main factor in starting State activities when none had existed before or has greatly accelerated work which had been feebly or ineffectively performed.

These State officials also bear nearly unanimous testimony that Federal supervision has been tactful and helpful and without attempt at arbitrary domination. A glance at certain measurable results is significant. In 1912

there were 61,000,000 acres of forest under protection; in the succeeding years under Federal aid this increased until it amounted to 196,000,000 acres in 1927. The quality of administration had arisen markedly. Hard-surfaced roads have doubled since 1916, and the types of construction are now vastly superior to the standards of earlier years. Schools for vocational education have increased fivefold in nine years under Federal aid and the number of pupils has increased in nearly the same proportion. When vocational aid for the crippled and disabled was provided, six States were carrying on more or less desultory activity; in seven years 41 States provided this service.

It is the clear opinion of the subcommittee that grants in aid constitute a governmental technique peculiarly fashioned to the needs of the American people and nicely adjusted to the American governmental structure under the Constitution. This policy is not one to be narrowly construed and suspended at the earliest possible time, but should be regarded as a permanent block in our governmental pyramid which should be built upon more extensively as time goes on. Fortunately our Supreme Court has clearly indicated its opinion as to the constitutionality of the grants in aid by the following dictum in the case of *Massachusetts v. Mellen*—a case brought against the maternity and infancy act: "Probably it would be sufficient to point out that powers of the States are not invaded, since the statute imposed no obligation, but simply an option which the State is free to accept or reject."

OPPOSITION TO GRANTS IN AID

A classic statement of the opposition to grants in aid on the ground of conflict with the doctrine of State rights is found in President Pierce's veto in 1854 of a bill making grants of lands to the States for the care of indigent insane persons. Pierce objected to the bill on constitutional grounds and for reasons of policy. He reasoned that if aid to the States for the insane was upheld, drafts could be made upon the Federal Treasury for every type of human disability. We should thus be entering upon a "vast and novel field of legislation." The result would be a drying up of charity at home and the States "would become humble supplicants for the bounty of the Federal Government." Pierce's constitutional argument rested upon the proposition that the care of the insane and of the indigent generally was a purely local matter and that there existed no express or implied power in the Federal Government to deal with the subject.

The growth and development of grants in aid since Pierce's time demonstrate the truth of Justice Holmes's declaration that "the life of the law is not logic but experience." Great changes have occurred during the past half century in the interpretation of the doctrine of State rights. What would have been regarded as matters of purely State concern in the light of the social and economic conditions of the late eighteenth and early nineteenth century have become matters of national concern, as well, in the twentieth. Witness forest protection, good roads, vocational rehabilitation, and the health care of mothers and babies. The issue of State rights can never be determined by resort to any magic formula nor by a sterile construction of the Constitution. The application of constitutional principles does not take place in a vacuum—it applies to the living and changing affairs of men. We invoke the Constitution to protect the rights and interests of the American people not in terms of the problem confronting them in 1789 but in 1930. Moreover, it should be borne in mind that under the grant-in-aid policy no powers are taken from the States because administrative authority is vested in them. If it be argued that the financial weapon in the hands of the Federal Government makes possible the exercise of unreasonable and dictatorial power, the answer is that the States may withdraw at will should they fail to make their protests effective through their own Representatives in Congress. It is a clearly recognized fact that the hazards of imposing an unreasoning national will upon the States are so great as to make persuasion and wise counsel the natural and inevitable basis for cooperation.

GRANTS IN AID AS PERMANENT POLICY

It is the thesis of the present report that grants in aid constitute the most effective basis for National and State cooperation in promoting child welfare and in securing the establishment of that national minimum of care and protection which is the hope of every humane citizen. Specifically it is urged and

recommended that the Sheppard-Towner Act be made effective without further delay through the passage of the necessary appropriations and that this measure be regarded as a permanent governmental policy until such time as the need for Federal cooperation is demonstrated not to exist. The committee is also of the opinion that the benefits of the act should be extended to the Territories and dependencies. Puerto Rico is tragically in need of this Federal assistance.

Moreover the committee believes that the time has come to face squarely and comprehensively the entire question of grants in aid for health and for welfare purposes. The scope of the present report will not permit of definite and detailed recommendations on this broad question of governmental policy. The committee is desirous, however, of recording its definite conviction that grants in aid should be extended to the States to promote the proper care and protection of the dependent, delinquent, and defective child. The local administrative unit to be benefited would be the State and local public welfare or child welfare boards. Their work is of direct and substantial concern to the Nation and needs the stimulus and inspiration of effective Federal cooperation in the promotion of sound and intelligent citizenship in State and Nation.

It is important that this great governmental policy should rest upon a widely accepted philosophy as to its method and purpose. Grants should not be made in a haphazard and unplanned fashion—merely in response to the pressure of this or that group which may be especially interested in some particular activity for which aid is sought. The whole question needs thorough study and statesmanlike declaration of policy, in the light of which every specific proposal may be considered and acted upon.

The CHAIRMAN. The committee will stand in recess until 2 o'clock. (Whereupon, at 12.45 o'clock p. m., the committee took a recess until 2 o'clock p. m.)

AFTER RECESS

STATEMENT OF KARL DE SCHWEINITZ, EXECUTIVE SECRETARY, COMMUNITY COUNCIL OF PHILADELPHIA, PHILADELPHIA, PA.

Mr. DE SCHWEINITZ. My name is Karl de Schweinitz, and I am executive secretary of the Community Council of Philadelphia. For two years during the time of the operation of the committee for unemployment relief, a voluntary body of citizens, I was its secretary, and at present am a member of the Philadelphia County Relief Board, appointed by the State Emergency Unemployment Relief Commission to administer all State and Federal funds in Philadelphia.

The CHAIRMAN. You appeared before the committee a little more than a year ago, when we had similar legislation under consideration, and gave us valuable information concerning the situation in Philadelphia. The committee would be grateful to you, Mr. de Schweinitz, if you would proceed in your own way to give us a picture as it exists to-day, and to compare it with the situation in the previous years of the depression.

Mr. DE SCHWEINITZ. I thought you would be interested to know why I am anxious that we should have continued and increased Federal aid, so far as the interests of Philadelphia are concerned. I should like to make several points in that connection.

First of all, I believe that the Federal aid will be a factor in continuity. One of the worst features about unemployment relief in Philadelphia, and I understand in certain other parts of the United States, has been its intermittent character. In a little over two years we have experienced three major stoppages of relief in Philadelphia. During the summer of 1931, for six weeks, there was no organized

unemployment relief in Philadelphia. In April, 1932, for two weeks there was no organized relief, and from June 25 until September 6 there was no organized relief.

I believe that Mr. Billikopf described the situation of the families who suffered for lack of relief—that of 400 typical families studied by the community council 1 in 3 were found to be having less than three meals a day, and that such food as they had was very inadequate.

I would like to point out one fact, which has not been brought out and which I think is about as serious as the actual periods during which relief stops, and that is the inevitable delay once relief has been again established, before all the families requiring assistance can receive aid. Last summer when for lack of money relief was stopped the whole machinery for administering unemployment relief also stopped. More than two months later, when money again became available, everything had to be built up from the bottom. Another two months passed before we were able adequately to function, so far as helping all the families that were in trouble was concerned.

There was actually a period this fall when individuals coming to receive relief from State and Federal funds could not be interviewed under three weeks. People would line up for blocks outside the application bureau. The best we could do was to give each person a ticket for a subsequent appointment which in effect said, "You come back in three weeks and then we will see whether or not you are eligible for relief."

We do not pretend to be perfect in the administration of unemployment relief in Philadelphia but, humanly speaking, I do not see how we could have done any better than that in view of the dissipation of the unemployment relief machinery and the necessity of starting all over again. We had been helping 52,000 families in June, and it was physically impossible to handle this great number of people when they reapplied almost simultaneously for relief. It was necessary to help and at the same time build an organization for helping.

Senator COSTIGAN. Mr. de Schweinitz, I gather that for about five months then there was no available relief in Philadelphia.

Mr. DE SCHWEINITZ. From June 25 until September 6 there were thousands of families asking for relief who did not receive any relief, and that from September and into November there were hundreds of others who waited for weeks before receiving assistance.

Senator COSTIGAN. What happened during that period to those families?

Mr. DE SCHWEINITZ. About one-third of the families, as far as we can ascertain, got along with less than three meals a day, and the food which they did have consisted usually of one liquid, coffee or tea, usually, and one staple, macaroni, bread, potatoes.

One family, for example, when it received its last food order in June, used it to purchase potatoes and nothing else. They figured that that way they could get the most for their money, but of course even the potatoes did not last and the neighbors had to help.

There is an enormous doubling up of families. In general, people did with less than it is possible for human beings to maintain health

and life upon. People do not starve instantly; one can drag on for a long time without food.

One woman who did not have any money for soap made arrangements with a restaurant near by and had the children wash in its washroom.

There are two problems in this lack of continuity: One is the fact that you have no relief at all; and the second is, when money becomes available, there is a great delay because it is not possible to help all the families at one time, even though a large number of families this fall were helped on the basis of what knowledge of their needs existed when relief stopped.

Now, then, I would like to say something, as Senator La Follette suggested, about the situation now as against a year ago. I have here a chart which I thought you might be interested in seeing.

Here [indicating] is the beginning of unemployment relief in Philadelphia in 1930. This red line represents our expenditures, and the blue line represents the number of families receiving relief. Now, the peak each year was reached about March or April in Philadelphia. In the first year (1931), the peak was reached in April. You can see how low that peak was. There were actually about 32,000 families, of which number some received work relief. In the following March, 1932, it had jumped to over 60,000 families. So, if you count the families receiving work relief, there was over 100 per cent increase.

At the end of last December (1932), we were helping 50,000 families, as against 46,000 families in December, 1931.

Incidentally, here is an interesting point right here on the question of aid work and the expense of it.

Senator COSTIGAN. Your figures relate wholly to work relief?

Mr. DE SCHWEINITZ. No; to total relief. This red line here, in 1931, which has the only period during which we had work relief, represents the expenditures for all relief. Here [indicating] is your work relief expenditure. You can see how much more money we spent, which is shown here, by which we were able to raise the total number of families only up to the green line.

That just illustrates the point that work relief, although an excellent method, is a very expensive way of helping families.

Senator COSTIGAN. The work relief on the chart is limited to 1931?

Mr. DE SCHWEINITZ. 1931. That is the only period in which we had it. The rest of the time we were having straight relief.

I pointed out that, at the end of this last December (1932), we were helping just over 50,000 families, as against 46,000 families the previous December. That apparently is only an increase of 10 per cent.

But this needs to be taken into consideration. When we were giving aid last year, we gave help to families both with and without income; that is to say, in a rough way, we allowed every family to have \$2 per person income. If its income fell below that, we would help the family.

For example, if a family of seven had an income of \$13.50, we would help to the extent of 50 cents. In other words, we would make up the difference between \$13.50 and \$2 per person; that is, \$14 a week.

During the first two months of operation last fall we did not help any family with an income in excess of the amount of the food to which the number of its members entitled it.

In November we changed our plan, feeling that we could have a little more leeway by reason of the Federal aid and the State aid which we were receiving, and for a family of seven we allowed a maximum income of \$11.50.

So you can see we are operating on a much less liberal basis, so far as the total area of families from which we are drawing, and despite that fact, the number of families that we are helping is greater.

Let me also point this out, that in the year 1931, from January to December, we expended in State relief just short of \$5,000,000, or just a little short of \$6,500,000, if we include the work relief. In the year 1932, from January to December, we spent \$8,300,000 in relief, and that did not include any work relief.

You will remember, also, that in 1932 there was part of April and all of July and August during which no relief was given whatsoever; and that during September and October we were getting under way and so we did not spend the maximum amount.

So the increase in expenditures for straight relief has been in round figures, \$5,000,000 in 1931, to \$8,300,000 in 1932; which as I said before, was a spasmodic year, so far as relief giving was concerned.

If, in 1933, we carry on at the rate we are carrying on now, my belief is that we will spend \$14,000,000, and that does not allow for any increase whatsoever in the standard of relief.

Let me interrupt myself to say that, in our first year of unemployment relief, our average relief per family was \$5.01; our second year—

The CHAIRMAN. Per week?

Mr. DE SCHWEINITZ. Per week; yes. Our second year, our relief was \$4.46 per week, and that is just about—

Senator COSTIGAN. For a family of five?

Mr. DE SCHWEINITZ. This is an average per family, irrespective of the need—irrespective of the size of the family. In December, 1932, a winter month, the average is \$4.54.

A family of five would receive \$5, and if there were any children under 5 years of age, or a sick person, or a nursing mother, a quart of milk for each such child or person, but not more than 2 quarts of milk per family.

So the maximum amount in food or milk that the family would receive—we pay nine cents a quart for milk—is \$6.26, which is about two-thirds adequate, as far as food is concerned.

The CHAIRMAN. That is, one-third inadequate?

Mr. DE SCHWEINITZ. Yes.

The CHAIRMAN. What else do you provide?

Mr. DE SCHWEINITZ. Coal, gas, shoes, and clothing to the extent that we are able to get them, secondhand clothes, and now the State is allowing a small amount to us for the actual purchase of clothes.

The CHAIRMAN. Anything for hospital and medical care?

Mr. DE SCHWEINITZ. Nothing for hospital or medical care, nor for laundry supplies, nor rent.

The CHAIRMAN. What do you do when a family is evicted?

Mr. DE SCHWEINITZ. Well, the best way of answering that question is to say that of every 1,000 families applying for help, only 780 households are represented. In other words, 1,000 or more families become only about 780 households. That means that 220 of the families are living with somebody else. That is one way in which the situation is met.

I remember that one child said: "In the last year we have lived with six different families. At first they were very glad to have us, but after a while they get very tired of you."

That is one way in which the families are managing.

Senator COSTIGAN. What happens, Mr. de Schweinitz, when medical care is required?

Mr. DE SCHWEINITZ. As far as medical care is concerned, we are depending on the hospitals and dispensaries, and they are having a very serious time of it. The question of hospital financing is one of the most serious with which we are confronted in Philadelphia.

Senator COSTIGAN. They were having a serious enough time before, but you feel that those conditions are intensified?

Mr. DE SCHWEINITZ. Yes; they are worse; their incomes are falling behind heavily. The hospitals and the welfare federation, despite all economies, in presenting their budgets this year, I understand, had a shortage of \$600,000. More than that of 1931.

The CHAIRMAN. Have any of the hospitals in Philadelphia been forced, by lack of funds, to reduce the number of free beds?

Mr. DE SCHWEINITZ. I do not know.

The CHAIRMAN. Are you taking care of all the persons who apply for relief at Philadelphia and who are proper subjects for relief?

Mr. DE SCHWEINITZ. Yes; we are. There is no help being denied. There is no family that is being turned away. All the families that apply are receiving some aid.

I think that our administration, on the whole, is better this year than it was last. There has been more care in seeing that families that are able to manage do not receive relief.

The CHAIRMAN. I understood you also to say that you do not require, in Philadelphia, that a family be pauperized before it receives aid?

Mr. DE SCHWEINITZ. You mean not have any income at all?

The CHAIRMAN. Yes.

Mr. DE SCHWEINITZ. For the first two months this fall we did require it, because we felt we did not have enough money.

But now, as I said before, we allow a family of seven an income of \$11.50 a week, which is really about half on which a family of that size could live, and we meet whatever shortage there is in that amount.

Just to recapitulate—the first point I wanted to make was that Federal aid could assist materially in making possible the continuity of relief. The second point I wanted to make was that our relief expenditures are increasing; that, to summarize, in March, 1931, we had, roughly speaking, 32,000 families receiving relief, including work relief. In March, 1932, we had nearly 60,000 families receiving relief; and that in December, 1932, we had 50,000 families as against 46,000 families in December, 1931; and that is taking into consideration the fact that our investigation is better while the

income which we allow a family to have and still receive help is lower than it was before by nearly 20 per cent.

The CHAIRMAN. That is, they are reduced in circumstances, but they receive aid lower now than they did a year ago?

Mr. DE SCHWEINITZ. Exactly. So that in spite of those facts, we still have more families coming for help.

I would like again to repeat the fact that, in 1931, the calendar year, we spent, in round figures, \$5,000,000 for unemployment relief, exclusive of work relief; that in 1932, with more than three months in which the people were not getting help, we spent over \$8,000,000, and that if we carry on at the present rate, we will probably spend \$14,000,000 by the end of 1933, and that without increasing in any respect the standard of the aid.

Now, I would like to say a word about the rental situation, because I believe that is one of the most serious problems with which we are confronted. I would not have the courage to tell this committee the number of removals reported each day to the office of the county relief board because you would not believe it and I can hardly believe it myself, but they run into the hundreds, families that are moving, going from one house to another, because they lack the money for rent.

The CHAIRMAN. What do you think would be the figure?

Mr. DE SCHWEINITZ. There have been days in Philadelphia when 1,000 removals of families, 1,000 changed addresses were reported to the board out of a total of 65,000 families either receiving or asking for relief.

The community council of Philadelphia has made a study of the rental situation in 1,000 families, and we have classified these families according to the number of homes which they occupied in six months, in a year, and in two years.

I want to say that a sample of 1,000 in a total of 50,000 is a very fair sample, and can be said to apply to the entire group.

In this 1,000 families, 20 per cent had lived in two or more homes in six months, and 43 per cent had lived in two homes or more in a year.

The CHAIRMAN. And applying that to the total number, it means that 43 per cent of 50,000 families have moved at least twice in the last year?

Mr. DE SCHWEINITZ. Yes; and that is most conservative. I think it would be very much safer to say that it was at least three times; but the figure showed twice.

In this study of 1,000 families, we found that more than 90 per cent owed rent, and I believe that can, with absolute fairness, apply to the total number of families receiving aid. In other words, I believe that we can say that 45,000 out of 50,000 families are back in their rent.

The average time that these families were back in their rent was five months. Now, anyone who has had any connection with relief work knows that, prior to 1929, that would be an almost unheard-of condition.

Then a family was not often allowed to get more than a few days, really, back in their rent, and seldom were families permitted to stay

for three months without paying rent. Yet now the average time that these 1,000 families are back in their rent is five months.

The CHAIRMAN. What effect, in your judgment, has that had upon the tax delinquencies in Philadelphia?

Mr. DE SCHWEINITZ. I think it has had a very direct effect.

The CHAIRMAN. Yes; if I remember correctly, you have had a very large increase in tax delinquencies.

Mr. DE SCHWEINITZ. Yes; and I think there is a very definite connection. It means that landlords have no money with which to meet taxes.

Let me say that the average amount that these families are back in their rent is \$86 per family; that is to say, they are five months back in their rent, and the average amount of money that each family owes is \$86, but in some cases the rent owing is over \$1,000 for a single family.

Remember, to a family with a low income a debt of \$1,000 is simply colossal, and you will realize that when I tell you the scale of rents.

We have an average rent of \$18.81.

The CHAIRMAN. Per month?

Mr. DE SCHWEINITZ. Yes. The family that owes \$1,000, obviously had a higher rent, but remember also that it was 50 months back in its rent, that is, more than four years; two families were three years back.

So there are families which are living on, month after month, without paying rent, and of course that affects the whole situation, and the landlords are so situated—

Senator COSTIGAN. What happens to the landlord under those circumstances?

Mr. DE SCHWEINITZ. We have had a situation in which the landlords have been obliged to come for help, themselves, because their tenants were not giving them any money; and as Senator La Follette implied in his question, they simply can not pay the taxes.

We are carrying a tremendous cost because of this whole rental situation. I tried to estimate what it would cost us if we did undertake to pay rent, and it would involve approximately \$800,000 per month, if we undertook to pay the rent for the families we are helping now.

It might be possible, instead of paying rent, to pay simply the taxes.

There is another point I would like to make in this plea for larger Federal aid, and that is when we started in with the unemployment relief in the fall of 1930, these families had reserves, that is to say, they still had clothes that had not worn out, and their debts had not mounted to the extent that they have now; they had household incidentals, and they had a certain amount of equipment. But now it has gotten to the point where families literally have nothing at all, and I do not see how we can continue very much longer on a basis which provides only for food orders, gas, fuel, and shoes.

In other words, it seems to me that the time has come when a certain proportion of relief will need to be given in cash, so the family can get some of the rest of the things that it must have in order to live.

Now, if a family needs medicine, it is in no position to get it.

Senator COSTIGAN. In other words, the reserves having gone, the relief needs have increased?

Mr. DE SCHWEINITZ. Yes. I would like also to make another point in connection with the way in which we are handling the relief situation in this country: The worst thing about unemployment is not having a job, what it does to a man in the loss of his sense of self-respect and self-confidence, what it does to him to have to admit that he is not working, what a sense of shame he has when he must appear before his friends without a job. All that is a tremendous hardship for a man to undergo.

The flabbiness in spirit and health that comes to a man through not using his faculties, is another very great liability.

Now, what we are doing in this country is to add another curse to this unemployment evil, and that by trying to prescribe for a family what it shall have, and taking from people the right to make their own decisions about their expenditures.

In other words, we are causing families to deteriorate in two directions, in their income and in their outgo; and I believe that if we are going to preserve the self-respect and independence and capacity of families that are poor and in trouble in the United States to-day, we must give them the privilege of managing their own affairs. We must supply them with some cash, so that they can make their own decisions, at least to a certain extent, in regard to their household expenditures.

Contrast the situation abroad with the situation here, and you will find that in England and in Germany a man can at least know that he will have shelter, food, and clothing, and he is not helped in such a way as to make him want to live without work. All of their experience goes to show that every time a man gets a chance for a job, he prefers the job instead of aid, not only because it means more money to him, but because of what it means in the use of his ingenuity and energy.

There is a kind of security existing abroad, which is absent in the United States. Among our poor, there is a terrible sense of not knowing what is going to happen to-morrow, and they are afraid to open the door, lest the constable enter with a notice of eviction, or something of that sort. If a man has a job the United States is the best place in the world to live, but if you have not a job, you are better off almost anywhere else. In the United States we need to provide a minimum of adequacy, that is, at least shelter, food, and clothing. We need to provide this in part, at least, in cash, so that a family can make its own decisions and to provide it continuously, without these terrible interruptions that have been so demoralizing to family life in Philadelphia, and I believe in many other cities in this country.

Senator COSTIGAN. Mr. de Schweinitz, in addition to the burdens of caring for local appeals for help, is there any reluctance in extending the relief to transients and homeless persons?

Mr. DE SCHWEINITZ. I am glad you brought that question up, because I think one of the best things in this bill is the definite provision for transients and families that have not residences.

Our whole attitude toward this question of residence in the United States is archaic. I said, a year or so ago, down here, that it is a relic of the feudal system; and to-day, when you can cross the United States between sunrise and sunset, what applied 600 or 700 years ago does not apply.

One of the great values that I see in Federal aid is to make it possible for any family, or any individual, requiring help to receive it wherever he happens to be at the time.

We are spending a great deal of money unnecessarily, I believe, in following the theory that people ought to be returned to their place of legal settlement, because oftentimes their place of legal settlement is not the best place for them to live.

Senator COSTIGAN. The tendency is to deal primarily with residents, rather than with transients, is it not?

Mr. DE SCHWEINITZ. Yes; as far as Philadelphia is concerned, anybody from the State of Pennsylvania is helped, without question, because we are extending State aid.

Senator COSTIGAN. How about people coming from other States?

Mr. DE SCHWEINITZ. We try to make arrangements to send them back to their place of legal settlement.

There is not a very large number of nonresident or transient families in Philadelphia—I do not know what Mr. Goldsmith would say about Chicago—but Philadelphia is not a center of rail transportation like Chicago or New York and so our transient problem is not pressing.

The CHAIRMAN. Have you any further point or comment on the bill?

Mr. DE SCHWEINITZ. No. I have read the bill and I am very much impressed with it. I think it will be a very satisfactory piece of administrative legislation, and I am particularly glad that you have made the provision for the administration of relief.

If we are going to make the money go as far as it can, the administration item is absolutely necessary.

The first year of unemployment relief, our administration cost was 6.5 per cent; the second year, 6.6 per cent; and this year it will be 6.9 per cent. Our belief is, if we ran as high as 10 per cent, we would do a much better job.

When people who do not need help ask assistance it is frequently out of a feeling of insecurity, not knowing what is going to happen, and to prepare themselves as best they can against the day when they may not have anything.

It is a sickening experience to talk, for instance, with a city employee in Philadelphia to-day, and get from him that terrible sense of insecurity, because he does not know where the ax is going to fall. That applies not only to people in governmental service, but to thousands of others.

The amount of saving through a larger administrative item—that is, 10 per cent as against 7 per cent—is not, in percentages, great, but it much more than pays for the cost of administration involved; and it does mean that the money which is spent is spent more wisely.

That is to say, one family may be getting too little money, and another family may be getting too much, and the first one will re-

ceive more and the second one will receive less. An adequate administrative item saves money and spends it more wisely.

The CHAIRMAN. Have you been able to make any survey of the health conditions and nutrition problems among the unemployed aided in Philadelphia, or have you been too busy taking care of the job at hand to carry on any research work of that kind?

Mr. DE SCHWEINITZ. The matter was studied this summer, partially in the inquiry into what was happening in 400 families. So far as I have been able to learn, scientific knowledge to-day about malnutrition is inadequate, and we really do not know how to measure it.

Weight, for example, in relation to height or age, is not a sufficient gage. We have very definitely considered the question of making some study to see if we could measure the cost in physical well-being to families living on this inadequate basis, but so far we have not been able to devise any scheme of measuring it that would really give you the facts.

The CHAIRMAN. You would probably have to submit the families to a thorough clinical examination?

Mr. DE SCHWEINITZ. Yes; but take two people of the same age and height and of the same weight, one man might be underweight and another man might be overweight, because of the peculiar physical constitutions that each of those men have. So it is very difficult, and I do not know whether we are going to be able to solve that problem in this particular period of depression.

The CHAIRMAN. We thank you very much, Mr. de Schweinitz.

Doctor Slichter, will you give your full name to the reporter?

STATEMENT OF PROF. SUMNER H. SLICHTER, PROFESSOR OF BUSINESS ECONOMICS, HARVARD BUSINESS SCHOOL

The CHAIRMAN. Doctor Slichter, will you give your full name and address and your present occupation in the Harvard School to the reporter, for the record?

Professor SLICHTER. My name is Sumner H. Slichter, and I am professor of business economics, Harvard Business School.

The CHAIRMAN. The committee would be grateful to you, Doctor Slichter, if you would, in your own way, comment upon the economic consequences and implications of the unemployment problem. We will then ask you any questions that occur to us.

Professor SLICHTER. Mr. Chairman, the need for national assistance, by this time, has become so self-evident that it would seem to me to be a waste of your time for me to offer anything along that line.

The CHAIRMAN. Unfortunately, however, we do not find that to be the generally accepted opinion.

Professor SLICHTER. The tax base of the local communities is a somewhat narrow one. About nine-tenths of their income is derived from real estate taxation, and the difficulty, or one of the difficulties, with that base is that a man is liable for taxes simply because he owns the title to the real estate, quite regardless of whether or not he has any income from the real estate.

Senator COSTIGAN. Or able to pay it?

Professor SLICHTER. Yes, or from any other source.

The result one could predict without much difficulty is a steadily rising ratio of delinquent taxes throughout the country. In fact, delinquency ratios of from 20 to 30 per cent are not unusual.

The income from real estate, itself, of course, has gone down. It is one of the slower incomes to fall; but it is a fairly conservative generalization, I should say, to estimate that the rentals, in most places, are down about 20 per cent, in some cases more, and in some cases less.

Of course, the real estate owner bears a double burden in the case of unemployment, because it is almost the universal rule that relief agencies do not pay rent, except on eviction, and then they only pay for a month or two. In other words, there is a more or less national moratorium on rents, in so far as the unemployed are concerned.

The older the depression gets, the more unsatisfactory becomes this narrow base of public revenue. The private agencies have been compelled to conserve their resources, and to withdraw from the strictly unemployment field. They started out to help out the unemployed, more or less, but the burden became too great; and in order to conserve the permanent part of their work, they had to withdraw.

I made a compilation not long ago of some community chest drives for 1932 and 1933, and this covers 44 cities.

In 1932, the community chests in these cities raised about \$24,900,000. This goal for 1933 is \$23,100,000. That, of course, means that the burden on public relief funds is increasing.

I have gone through the bill and I have one or two questions which have come to my mind. They do not bear on the principle of national assistance, but they do bear upon some of the administrative features of the bill.

It is proposed that the chief executive officer of the board should be the chief of the Children's Bureau. Is it not unwise to designate the executive officer of the board which it is proposed to create?

The board would have the responsibility of disbursing \$500,000,000, and the members who have that responsibility should also have the responsibility of selecting their executive officer.

Senator COSTIGAN. You believe that experience in administering relief, however, should be a factor, however, in the choice of the executive officer of such a board?

Professor SLICHTER. Yes; it would seem proper to designate, in general terms, what qualifications the executive officer of the board should have; but the selection of the particular person, it seems to me, should be left to those who have the administration of the \$500,000,000.

The fund is divided into two parts and—

Senator COSTIGAN. Nothing you are saying is to be interpreted in terms of criticism of the chief of the Children's Bureau?

Professor SLICHTER. Far from it. I am simply discussing general principles.

The bill, as drafted, provides that part of the appropriation shall be distributed on the basis of the population of the States, but that

"no State shall receive more than two-thirds of the amount made available by it or its subdivisions."

Now, if I interpret this correctly, the cities of a State and the private agencies might be making available \$10,000,000, and the State would then have the right, assuming its population were sufficient, to receive up to \$6,667,000, under the bill. Under these conditions it seems to me that there is danger that some States might make no appropriations at all. In other words, some States might fall back on this Federal aid, obtained because the cities and charitable organizations within the State made appropriations.

That would be unfortunate, not primarily because the States should be such an important source of help, but because, in order to get the best administration through the States' machinery, some of the money should be the States' money. Consequently, I venture the suggestion that the States be required, in order to share in the appropriation on the basis of population, to make reasonable appropriations of their own funds.

After all, I think only eight States have made appropriations. These eight include some of the largest industrial States, such as the States of New York, New Jersey, Pennsylvania, and Illinois, but on the whole, the States have been the most delinquent bodies in helping the unemployment relief in the country; and if the proper administrative machinery is to be created, the States must help provide it. In order for that machinery to function most effectively the States should be spending some of their own money.

On page 10, in line 17, it is provided:

That no such allocation shall be made to any State, unless the board is satisfied that the State or its political subdivisions have made reasonable efforts, within their resources, to provide for the emergency relief expenditures.

"Any State or its political subdivisions!" The question arose in my mind, when I read that, whether it would not be desirable to replace "or" with "and," because the political subdivisions may be making reasonable efforts, yet the State itself may be doing little or nothing. That would be safeguarded by the change of the one word.

Senator COSTIGAN. Doctor Slichter, have you considered the possibility that the constitutional clauses may interfere with a State's inability to pledge its credit for direct relief, or that certain States may be in that situation? In that event, would you be unwilling to have relief given in case of need to the people within the boundaries of such States?

Professor SLICHTER. No; that would perhaps require a specific clause to exempt the State from the handicap of its own constitution.

But it is true that a number of States have been slow in moving to the assistance of their people; and as I said a few moments ago, I am not primarily interested in seeing the States appropriate huge sums, but I am interested in seeing them spend some of their own money because, if we are going to make our dole system the best in the world, instead of the worst in the world, we have to do it through building the most effective possible administrative agencies; and the States must feel that it is not just a gift from the Federal Government which they are spending, but something of their own, also.

Senator COSTIGAN. One witness who appeared before the committee this morning suggested that there be a provision in the bill that the States be reimbursed out of Federal funds to the extent, let us say, of 45 or 50 per cent of the State contributions for relief. Do you have in mind some such provision?

Professor SLICHTER. Yes; that assures that the State would be spending the other 60 or 65 per cent, itself.

The CHAIRMAN. Have you made any study of the taxing situation in the various States?

Professor SLICHTER. Not in detail; no. Of course, our taxing system, as a whole, is antiquated. It is a product of the agricultural day and age, and we have patched it up as the needs of more funds have arisen. There are tremendous differences, as you know, in the taxing systems of the different States.

The CHAIRMAN. What do you say of the ability of a State to provide money for this purpose if it, for instance, is compelled, by constitutional provision, to rely almost entirely upon the same basis of taxation that the cities are required to rely on, namely, real estate? Is not such a State in a situation where it can not provide a substantial sum—a sum that is commensurate to meet, say, 60 per cent of the unemployment relief burden—

Professor SLICHTER. There may be some such States, but I do not know of any. There are, of course, some desirable taxes, such as income taxes, which seem to be constitutionally prohibited in certain forms in some States. Within limits, that is apparently true of Massachusetts, where we have an income tax, but not a progressive income tax. But I should be surprised if there were many States which could find no new sources of funds easily. But as I said a moment ago, it is not the raising of large sums by the States which seems to me to be primarily important, but the spending of some of their own money.

The CHAIRMAN. Yes; if I get your point, Doctor Slichter, it is that this should be based upon the principle of joint cooperation between the Federal Government and the States, such as we have had in connection with other Federal aid projects—a matching of funds and a participation in administrative function by both State and Federal Governments?

Professor SLICHTER. Yes; the unemployment problem is so far flung and it varies so greatly in the different parts of the country, that some decentralization of the overseeing machinery is necessary, and that machinery ought not to get its money solely from Washington. Yet it seems to me, as the bill stands, there is the possibility of a State, which had done nothing, receiving, under the two-thirds provision, a really substantial sum, simply because some of its cities have done a great deal.

Senator COSTIGAN. Am I correct in inferring that you believe in a graduated income tax provided a more equitable way of raising funds to meet the relief needs, than tax on real estate?

Professor SLICHTER. I should say that the tax on real estate has been greatly overdone, and I should also say that I believe the adoption of a graduated income tax by the States, which do not now have it, would be a desirable thing; provided it was done in such a way as to give some relief to real estate. I do not care, however,

to come here as a special pleader for real estate. But to raise nine-tenths of the local revenue from that single source of income seems to me obviously unwise, and also inequitable.

Senator COSTIGAN. Do you believe in the principle of taxing people according to their ability to pay?

Professor SLICHTER. Yes, sir; of course, that is a very broad principle, and it is a considerable difference of opinion, as you are aware, over what the measure of the ability to pay is.

Senator COSTIGAN. Professor Slichter, you made an address which has been widely approved, or at least discussed, during the fall bearing on unemployment, and suggestions for the relief of the unemployed; where was that address made?

Professor SLICHTER. I take it you are referring to an address before the American Academy of Political and Social Science in Philadelphia.

Senator COSTIGAN. In what month was it?

Professor SLICHTER. That was in November, shortly after the election.

Senator COSTIGAN. 1932?

Professor SLICHTER. Yes.

Senator COSTIGAN. Is that address available for the use of the committee?

Professor SLICHTER. I could give the committee a copy; yes.

Senator COSTIGAN. Will you be good enough to send us a copy?

Professor SLICHTER. I shall be very glad to do so.

There is one additional suggestion which I should like to venture, or at least a question which I should like to raise.

The CHAIRMAN. We would be very glad to have it.

Professor SLICHTER. As the depression grows older, the proportion of men who have had no work for a considerable period of time is becoming quite large. A recent survey made by Mr. Croxton in Buffalo indicates that about one-third of the unemployed have had no work for two years, or more, and that about three-fifths, or slightly more than one-half, had had no work for a year or more.

Now, this raises, it seems to me, a grave question with respect to the absorption of the unemployed, when a revival in business occurs.

The practice of spreading work has been widespread during the depression, and that means that a considerable increase in production could be handled with relatively little hiring of men off the streets. For example, the report of the National Industrial Conference Board, covering 21 industries, showed that, in August, the average hours in those industries was 32.2 a week, with an average earning of about \$15.25.

Now, if an increased demand for goods occurs, is it not important that an organized effort be made to spread as many of those new jobs among the men who now have none?

I am not a constitutional lawyer, but it would seem to me that for the period of the emergency, at any rate, the Federal Government would have authority to compel a spreading of the work. You can not compel employers to give jobs which do not exist, but can not they be compelled to spread such work as may exist?

Might it not be desirable also to give the body which is to administer the Federal aid also authority to compel spreading of the work?

Of course, the administrative problem is a difficult one, because the situation in no two industries is alike, and it is changing from time to time. So the sensible way to solve that problem would seem to me to be to authorize the board to establish committees within the industries, which should determine what, in the light of the employment situation, are reasonable working hours for the men—not for the plants, but for the men; and to make the orders of these committees, constituted under the general direction of this administrative board—to make those orders enforceable, subject to appeal, of course.

Senator COSTIGAN. Does your suggestion involve a reduction in wages, as well as in hours of labor of those who are already at work?

Professor SLICHTER. It would not necessarily involve a reduction in hours, but it would provide a way of halting the increase in hours. It would give the board no authority over the wage matters whatever.

As a matter of fact, I think wages would probably be helped by spreading the work; we get exceedingly low wages, per hour, by permitting people to work 72 hours a week. If those same people are limited to 32 hours a week, then wages are likely to go up. But what I have in mind is not spreading the work any thinner than it is already spread, but being prepared to bring the unemployed in off the streets as fast as possible, when we do begin to get a revival of demand.

It is a serious thing to contemplate a very slow and gradual revival in demand, in view of the fact that in one town, for example—no one knows how typical the figures are—one-third of the unemployed have not worked for two years, and over one-half have not worked for a year.

A body which has the responsibility of administering a Federal relief fund is in a peculiarly strategic position to insist that there shall be a reasonable division of whatever new work comes in.

Senator COSTIGAN. Your suggestion, then, relates to the new work?

Professor SLICHTER. That is what I primarily have in mind, but I doubt very much whether a bill could be drafted to draw the distinction.

Senator COSTIGAN. You have in view primarily spreading the work rather than increasing the burden on the present workers?

Professor SLICHTER. Yes.

Senator COSTIGAN. Spreading the work to the new employees, rather than adding to the hours of work of those who are already employed, when the work begins to revive?

Professor SLICHTER. The arrangement as here proposed is an exceedingly flexible one, because the situation in the different industries is so different. It might be necessary, in some industries, to let the worker's hours increase substantially before bringing in additional men from the streets. In one industry, such as steel, where 15 per cent operations have prevailed, it might be necessary to let the hours be doubled. But that is the reason for separate committees in the different industries—let each one take account of the situation and decide what seems to be reasonable.

That would not make the ideal solution, but it is better than letting what happened this fall in the textile industries happen again, when

the working hours of a few people went up to 70 or more hours per week.

The CHAIRMAN. We are very much obliged to you, Professor Slichter.

(The address referred to in Professor Slichter's remarks is printed in full, as follows:)

THE IMMEDIATE UNEMPLOYMENT PROBLEM

I. My discussion of the immediate unemployment problem will fall into two parts. First of all I wish to focus attention upon the problem which will confront us between now and next summer. Then I wish to shift attention to the problem that we shall face during the next two or three years and perhaps longer.

The number of unemployed now approximates 11,000,000, or about one-fourth of the population normally in gainful employment. In addition, roughly half of the employed are working only part time. It is inconceivable that between now and the end of the winter there will be a sufficient revival of business to absorb a large fraction of the unemployed. This is particularly true in view of the fact that a substantial expansion of demand could be met simply by increasing the working hours of the men on part time. Despite all that we might do to make jobs by promoting business revival, it is plain that the problem which immediately confronts us is primarily one of providing relief.

How great is the relief burden likely to be? The number of the totally unemployed is at least one-fourth greater than a year ago, and the volume of unemployment is at least one-third greater. The proportion of the unemployed who have exhausted their resources and the resources of their friends and relatives is rapidly rising. This is demonstrated by the fact that nearly half of the persons now seeking relief from welfare agencies in New York City have never before sought such help. The record of relief throughout the depression indicates that expenditures have roughly doubled each year. Perhaps this geometric progression will not continue. Nevertheless, it is well to remember that forecasts of the relief burden have almost invariably been too low.¹ December, 1932, is not far away, and it should be possible to estimate with some accuracy the probable load for that month and to compare it with that of a year ago.

Last December the number of families receiving relief in Chicago was 99,293. For December, 1932, the number is estimated at 164,000. In Cleveland, in December, 1931, there were 18,978 families on relief; this December, it is estimated there will be 34,775. In Cincinnati, in December, 1931, 13,203 families were aided; for the coming December the estimate is 24,975. In New York, where 46,500 families are now under the care of the Home Relief Bureau, it is estimated that approximately 46,000 additional families, as a minimum, will have to be provided for during the winter of 1932-33. On the basis of this and other evidence it seems safe to conclude that the relief needs of this winter will be approximately twice as much as last.² They may be much more.

When I point out that there is bound to be a large increase in the relief load, let me remind you that the standards of relief have been shockingly low. Shoes and clothing are given only in extreme cases and in most cities rent is paid only on eviction. Allowances for a family rarely average more than \$5 a week and allowances of \$3 and \$4 a week are common. In many rural communities the standards are lower. Some counties in Illinois are giving no more than 6 or 7 cents a person per day. Many persons in dire need obtain

¹ A fairly typical experience is that of Chicago, which late in 1931 undertook to raise \$10,500,000, with the expectation that it would last until the fall of 1932. The fund was exhausted early in February, 1932.

² Other estimates indicate that this general conclusion is conservative. In Dayton, Ohio, for example, the number of relief families in December, 1931, was 5,083; for December, 1932, the number is estimated at 11,000. In Columbus, Ohio, 4,136 families were aided by the principal relief agencies in December, 1931. The same agencies estimate that they will have 12,600 families on their relief rolls this coming December. In Stark County, Ohio (which includes the cities of Canton, Massillon, and Alliance), the families on relief are expected to increase from 5,692 in December, 1931, to 10,799 in December, 1932. The reports to the Children's Bureau of the U. S. Department of Labor, covering the relief activities of 748 agencies or divisions of departments in 125 cities, show an increase in the number of families aided from 333,720 in August, 1931, to 731,394 in August, 1932.

no relief whatever—partly because false pride prevents them from making application and partly because inadequate resources compel the welfare agencies to refuse thousands of worthy cases. For over a month last spring the New York City Home Relief Bureau accepted no new cases. At that time the bureau had a waiting list of over 19,000.

Up to the summer of 1932 practically all the relief was provided by local agencies, either public or private.³ Only eight States had given help in substantial amounts and the assistance by the Federal Government was negligible. The ability of local agencies, both public and private, to bear the burden is steadily diminishing. Shrinking private incomes and heavy increases in income taxes are reducing both the willingness and the ability of individuals to contribute to charity. Noteworthy is the fact that the Gibson committee in New York, which last year raised \$18,000,000, is this year attempting to raise \$15,000,000. Last year Cook County raised \$10,500,000 from private donations; this year the goal is \$7,500,000.⁴ The financial difficulties of the private agencies are compelling them to withdraw as far as possible from pure unemployment relief work. This increases the burden on the public agencies. But the ability of the cities (and the counties) to raise funds by taxation is shrinking because about nine-tenths of their income is derived from the taxation of real estate which, even before the depression, was heavily over-taxed relative to other sources of income. Falling rents and a rising percentage of vacancies are steadily reducing the ability of real estate to bear the burden of relief.⁵ All this is reflected in the mounting tax delinquencies. Last year Detroit imposed a levy of \$76,000,000, of which it failed to collect \$18,000,000. Pittsburgh had a levy of \$22,594,000 of which over \$3,000,000 was delinquent. In Cleveland nearly 19 per cent of the county taxes are delinquent and about 50 per cent of the special assessment taxes. Particularly important is the fact that ability to give relief has diminished most of all in precisely those communities where unemployment is greatest. For a few months, relief may be financed by borrowing, but city after city has now reached the point where further borrowing is impossible.

This then is the situation that we face this coming winter: Relief needs, even on an inadequate basis, will double those of a year ago. Local resources will be no greater and, in the very places where unemployment is worst and the need is greatest, they will be much less. How should this problem be met?

II. Throughout the depression it has been urged that unemployment be relieved by the expansion of public works. Shortly after the stock market crash, President Hoover urged this policy upon the States and municipalities, and the Federal Government has practiced it on a modest scale.⁶ Federal construction, however, has normally been only a small part of all public building, and the cities and States, on the whole, have failed to heed Mr. Hoover's advice to expand construction. On the contrary, in 1931 they reduced their building so much that, despite the increase in Federal construction, the total outlay for all public works in the country was substantially less than in 1930.⁷ In 1932, came the collapse in the bond market, which has practically prevented municipal financing. Simultaneously there has developed an economy drive which in some communities has amounted to an hysteria. As a result, non-Federal public works have dropped from about \$2,500,000,000 or \$3,000,000,000 to about \$800,000,000; and all public construction, local, State, and Federal, is not more than half the level of 1931. Thus, instead of reducing unemployment by expanding public construction we find ourselves increasing unemployment by curtailing public works.

Undoubtedly many cities could achieve substantial savings by building now, when costs are low, rather than waiting until several years later when costs will be higher. Nevertheless, a bond issue to-day would mean higher taxes to

³ The proportion of the burden borne by public and private agencies has varied widely among different communities, but totals from many cities indicate that about three-fourths of the relief has come from public agencies and about one-fourth from private.

⁴ As a general rule the goals of community chests in 1932 are below 1931.

⁵ The decrease in rents varies from place to place, but it is rare to find a city in which rents are not at least 20 per cent below 1929. The drop in rental income is, of course, much greater.

⁶ In the fiscal year 1930-31, the outlay for Federal construction was about one-third more than 1929. In 1931-32 there will be another increase, so that in this year the total outlay for Federal construction may be approximately double that of 1929.

⁷ In 1930 the figure was \$3,632,000,000. The preliminary estimates of Mr. Arthur D. Gayer for the National Bureau of Economic Research put the expenditures for 1931 at about \$3,000,000,000.

the extent of the interest and amortization charges, and few communities, no matter how low their ratio of indebtedness to property values, are willing to impose any new burdens on the taxpayers. Furthermore, the market for municipal securities though much stronger than formerly, is none too good. To meet these two obstacles to an increase in public works, Congress has given the Reconstruction Finance Corporation \$1,500,000,000 for loans on certain types of "self-liquidating" public or semipublic projects. The corporation has been accused of being dilatory and unduly technical and meticulous in requiring that the letter of the law be observed. Whether or not these criticisms were once true, I do not believe that they are true to-day. Naturally it has taken a little time for the corporation to build up an organization. This task, however, has been done rather quickly. By the end of October the corporation has received 149 fairly complete applications for "self-liquidating" loans. Many of the applications were not eligible under the terms of the law or were not accompanied with proper supporting data. Indeed, a recent tabulation indicated that approximately half of the applications were not eligible and that many others were of doubtful eligibility.⁸ Up to November 1, the corporation had made 24 "self-liquidating" loans totaling \$135,433,500. Not one cent of this amount, however, had been spent and not a man had been put to work by it. This is not a criticism of the corporation. On the contrary, to some extent it reflects the fact that the corporation has granted loans faster than the communities have been prepared to use them. But even if work were instantly started on all the projects for which the corporation had authorized loans up to November 1, the number of jobs directly provided would be less than 25,000. The number of jobs that would be indirectly created is conjectural, but it would not bring the total up to 100,000. But there are 11,000,000 unemployed. Possibly by next summer or a year from this winter, the loans of the corporation may have a perceptible effect on employment. During this winter, however, they will have virtually none. They leave the relief problem practically unaltered.

Another proposal for relieving unemployment which has attracted much attention is "spreading the work." More or less organized support for this plan goes back to the beginning of the depression, but last September a greatly intensified drive began under the leadership of President Teagle of the Standard Oil Co. of New Jersey. Mr. Teagle announced that the plan might put 1,000,000 men back to work and expressed the hope that it might eventually give jobs to 2,000,000.⁹

Spreading work has two aspects which should be carefully distinguished. Work may be divided as business drops in order to prevent lay-offs. Or it may be divided in order to give jobs to persons who are now unemployed. Most instances of spreading work which have been reported in the newspapers are of the former variety.¹⁰

The normal seasonal shrinkage in employment may be expected to increase the number of idle during the winter by at least a million. There is reason to hope that by spreading work a large proportion of these prospective lay-offs will be prevented.

But what prospect is there that spreading work will positively reduce the 11,000,000 unemployed? In manufacturing, the work has already been spread remarkably thin. For example, in 21 industries during August, 1932, the National Industrial Conference Board reports an average working week of only 32.2 hours with average weekly earnings of \$15.35. Only four industries averaged 40 or more hours a week. With hours and earnings in manufacturing so low, how much thinner should work be spread?

⁸ The corporation attempts to "salvage" projects which appear to have merit but which are not eligible in the particular form presented.

⁹ New York Times, Sept. 2, 1932, p. 1.

¹⁰ In San Francisco, where the "spread-work" movement has been carefully organized and vigorously pushed, it is estimated that 8,000 more people are working to-day than would have had jobs if work had not been spread during the last few months. But about three out of four of these persons are workers who were saved from being laid off by spreading work and only about one-fourth are persons who were unemployed and who were given jobs that were created by dividing the work. For this information I am indebted to Mr. Paul Eklief of the Industrial Association of San Francisco.

Full-time employment appears to be most prevalent in banking, insurance, wholesaling, retailing, and public utilities. Consequently these industries furnish the best opportunities to spread work. But despite the fact that the sacrifice is mainly borne by the workers, most employers are strongly opposed to taking work from their present employees for the purpose of giving jobs to men who are now unemployed. One reason is that managements are reluctant to incur the ill will which this step might arouse among their men. Another reason is that many enterprises, even after three years of cutting and economizing, are still carrying more employees than they really need. The low scale of compensation which prevails in both retailing and banking is a serious obstacle to spreading work, particularly in view of the fact that the depression is already 3 years old and that many workers who have full-time jobs are supporting relatives. It is a serious matter to reduce the working hours (and hence the compensation) of a \$15-a-week clerk who may be the sole member in her family who has a job.¹¹ At any rate after careful inquiry, I have found relatively few banks, insurance companies, stores, or public utilities which have spread work in order to make room for additional employees. In view of the obstacles to spreading work any thinner than it is spread to-day, we shall be fortunate if the movement to share the work succeeds in preventing an increase in unemployment this winter. It would be a miracle if the movement creates as many as a million new jobs before spring. But even such an unexpected accomplishment would leave 10,000,000 men unemployed, which would be about one-fourth more than last winter.¹²

III. Public works, self-liquidating loans, and spreading work promise little help toward meeting the relief problem of this winter. What are we to do? Additional help is imperative. Where is it to come from?

One possibility is national aid. The Reconstruction Finance Corporation has been given \$300,000,000 to "lend" to the States and to the local communities. How far will this go? At the relief conference in Washington during September, Mr. Pomerene, chairman of the corporation, announced that he interpreted the law to mean that the \$300,000,000 should be made to last two years. As a device for encouraging the local communities to draw generously on their own resources, this statement is unobjectionable. But is there any real prospect that the \$300,000,000 will last two years? Last spring the Bureau of the Census made a study of relief expenditures by governmental and private organizations in certain communities during the first quarter of 1931. The communities included all of the larger cities and contained 60 per cent of the country's population. They undoubtedly included a much larger fraction of the unemployed. During the first three months of 1931, these communities spent \$73,757,300 for relief to families outside of institutions and for homeless men. At the rate of increase which seems to have occurred, these communities must have spent about \$140,000,000 during the first quarter of 1932. During the first quarter of 1933, they will probably need about \$280,000,000.

Let us assume that the local communities are able to raise as much for relief this year as last. If the increase in expenditures were to fall entirely upon the funds of the Reconstruction Finance Corporation, nearly half those funds would be exhausted during the first three months of 1933. These will probably be the worst three months of the year. Nevertheless, the evidence points to the conclusion that even if the local communities could maintain their expenditures undiminished, substantially all of the Reconstruction Finance Corporation's \$300,000,000 would be required before June 30, 1933, merely to meet the increase in the relief needs of these communities representing only 60 per cent of the country's population. But the local communities, as a whole, will not be able to maintain their relief expenditures on the same scale as last year and considerable relief must, of course, be provided in the rural communities from which returns of relief expenditures are not available. Unless the standards of relief, already dangerously low, are to be substantially reduced, much more help must be given the local communities before next July than the \$300,000,000 which the Reconstruction Finance Corporation has available.

Where is this help to come from? The bodies which have been most delinquent in meeting the unemployment problem thus far have been the States. Only eight States have given relief in substantial volume. It is true that these States

¹¹ In this connection it is interesting to observe that several of the Standard Oil companies, in cutting the hours of employees to 40 a week, are not reducing the compensation of employees receiving less than \$100 a month.

¹² It is important to remember that much relief is necessary even for men who have part-time jobs. When a man is reduced to two or three days a week, any unusual expense means that he must have help from somewhere.

include many of the industrially important ones—New York, New Jersey, Pennsylvania, Ohio, and Wisconsin—but the record of the States as a whole is not good. The States can tap many sources of revenue which are not open to the cities, because it is exceedingly difficult for cities to raise money by any method other than taxing real estate. Furthermore, participation of the States in the relief work is particularly important because they are the logical bodies to raise the standards of local relief, to supervise the establishment of proper relief agencies in each city and county, and especially to see that small cities and rural counties, which have no organized charities and which have been exceedingly backward in extending help, are provided with an organization. I am aware of the political difficulty in getting States to act. Unemployment is concentrated to a great extent in the cities, and the rural communities, hard hit by the drop in agricultural prices, are reluctant to permit the State's taxing power to be used to meet the need in the cities. This difficulty is accentuated in some States by long-standing differences between the cities and the rural communities over the use of the taxing power and by differences in the party control of State legislatures and municipal administrations. Finally, the economy movement may make the States reluctant to participate in unemployment relief.

Nevertheless, the States must be induced to act. How to get them to act is perhaps the most important aspect of the unemployment relief problem at this moment. The emergency unemployment relief act provides that Federal relief funds shall not be in lieu of money made available by the various States and their political subdivisions, but rather shall be supplementary thereto. The Reconstruction Finance Corporation has followed the policy of making grants for short periods and in limited amounts only and of insisting that the States and local communities make a real effort to help themselves. For example, the corporation has declined to grant further loans or assistance to the local communities of the State of Michigan unless the State contributes some money of its own. Temporary aid of \$2,500,000 to Detroit and to other communities until the first of December was granted on the understanding that additional funds will not be provided unless the State legislature makes an effort to raise funds within the State. The corporation has insisted that the Governor of Illinois call a special session of the legislature to provide for relief. On November 4, in granting a loan of \$5,462,265 to Pennsylvania, the corporation urged in strong terms the need for further action by the State and its political subdivisions at the earliest possible moment and announced that it would "hesitate" to provide further funds "until the State and/or its various political subdivisions have taken action to meet the emergency needs of the people."

Whether the Reconstruction Finance Corporation succeeds in stimulating the States to act must depend upon public opinion. The policy of the corporation is bound to arouse intense criticism from diverse sources—from those who feel that relief should not be delayed or limited while governmental units battle over the allocation of the burden and from many interests which oppose any increase in State taxes or any diversion of State funds from their present uses. Possibly the volume of criticism will be so formidable that the corporation will capitulate before it. I hope, however, that the public in the main will support the corporation in its efforts to induce the States to assume more responsibility participation for unemployment relief. Relief will be better organized and administered more efficiently and the unemployed will be provided for more adequately if each State establishes a relief board and provides it with some funds. Furthermore, if the States refuse to act, Congress will naturally be more reluctant to grant Federal aid for relief during the winter of 1933-34.

III. I have said that the immediate problem confronting us is primarily one of giving relief rather than of creating jobs by assisting the revival of business. But naturally it is important to do everything possible to accelerate revival. There is an enormous amount of postponed spending which will begin once revival is fairly under way. And even though revival could not greatly alter the relief burden this winter, it might substantially reduce the burden during the coming summer and the following winter. But so great is the lack of confidence and so readily, in the present state of psychology, are proposals misinterpreted and misunderstood that it is necessary to be exceedingly judicious in planning assistance to business. Nevertheless, there are several steps which the Government might take.

Let me begin with a modest suggestion which would be at once a relief measure and a help to business revival. The purchasing power of many millions of Americans depends on the price of cotton. The price is low partly because of the enormous carry-over of approximately 12,000,000 bales. The faster we reduce

this carry-over, the more rapidly will the price of cotton recover and the greater will be the purchasing power of a large part of the country. Last summer Congress gave 500,000 bales from the holdings of the Cotton Stabilization Corporation to the Red Cross for distribution in the form of cloth or garments for the unemployed. The Red Cross reports that its cotton will not suffice for more than one-quarter of the requests from its local chapters and that the supply will be exhausted by about January 1, 1933. The Cotton Stabilization Corporation still has about 400,000 bales of cotton. Surely it is ridiculous for the Government to hold cotton in the hope of ultimately recovering part of the purchase price when millions of people are urgently in need of clothing and when the very retention of the cotton retards the recovery of business. Surely the least which the Federal Government can do to help the unemployed is instantly to give all of its cotton to the Red Cross for distribution to the unemployed.

The original transfer of 500,000 bales permitted some of the cotton to be used to pay for the fabrication of the rest into cloth and garments. This greatly limited the relief to the unemployed because far more cotton has been needed to pay for the cloth and the garments than is contained in the cloth and the garments themselves. I suggest, therefore, that the Government not only give its cotton to the Red Cross without delay, but also appropriate a sufficient sum to pay for the fabrication of the cotton. The fabrication should be done as work relief, subject to the restriction that the manufacturer should make no profit and that the hours of labor for the individual workmen should not exceed 32 a week. This arrangement would permit the 400,000 bales to provide far more relief than the original grant of 500,000. It would also accentuate the effect on the carry-over, because when part of the grant is used to pay for fabricating the remainder, the movement of cotton into consumption is greatly reduced.¹³

The two most important steps which the Government could take to accelerate the revival of business are (1) to revise the British debt settlement and (2) to settle its own budget problem.

One of the principal reasons why business enterprises are postponing commitments is because of uncertainty over price movements in the immediate future. A major reason for uncertainty over prices here is uncertainty over the future value of the British pound. Depreciation in the pound, which reduces the buying power and increases the selling power of Great Britain and all countries that base their currencies on the pound, tends to lower prices in all gold currencies. The present weakness in the pound¹⁴ is not entirely attributable to the prospective debt payment which falls due on December 15.¹⁵ Nevertheless, resumption of payments on the debt by Great Britain could not continue without putting the pound under pressure and thus threatening our own price level.¹⁶ Much silly talk has recently come from Members of Congress and others to the effect that if our debtors do not pay, the American taxpayers must. As far as the British payments are concerned, this is ridiculous. Far more accurate would be the statement that for every dollar received from the British, the whole American people will pay many times over. In particular will American debtors and American cotton growers and wheat raisers pay—debtors because the drop in our price level will make their debts more burdensome, and cotton growers and wheat raisers because the prices of those commodities are likely to be dragged down more than others by further depreciation of the pound. Probably the most important single step we could take to guard against a further drop in prices and thus to smooth the road to recovery would be to negotiate promptly a generous revision of the British debt settlement. Since negotiations and ratification take time, the moratorium should be extended until June, 1934. If this is not done, at least Great Britain should be given the option of paying in goods or pounds instead of in gold.

The Government's Budget problem arises from the disappointing yield of the new taxes. Apparently the deficit for the current year will be well in excess of a billion dollars. Let me say emphatically that I am not in favor of attempting

¹³ In making the original grant, Congress stipulated that the cotton should be used only to purchase cloth or garments entirely made of cotton. It would be wise to relax this restriction and to permit some of the cotton to be traded for wool.

¹⁴ The paper is being presented on Nov. 11, 1932.

¹⁵ It is partly seasonal and partly attributable to settlements with foreigners who elected to convert their holdings of the British war loan.

¹⁶ Not only are the British payments large (about \$190,000,000 a year) but since they are in gold the drop in prices has greatly increased the burden of making them. Exports of approximately 50 per cent more commodities would be required for the British payments to-day than were needed when the settlement was negotiated. In addition, Great Britain's receipts from her debtors have been greatly diminished by the cessation of reparations payments from Germany and by the fact that her claims upon her allies are payable in pounds instead of gold.

to balance the Budget in the midst of depression. An enormous amount of nonsense has been talked on this subject during the last year. The Government deficit in a period of depression is valuable, because Government borrowing is likely to produce inflation, or at least to offset in some measure the deflationary effect of the liquidation of private indebtedness. But if the deficit is too large and excites too much alarm, its net effect may be deflationary rather than inflationary, because apprehension over the fiscal policy of the Government may cause many business enterprises to postpone buying and in so far as possible to avoid commitments.¹⁷ The unexpectedly large deficit which is developing this year seems to be having this effect. In order to gain the maximum inflationary benefit from the deficit it is necessary, therefore, to reduce the deficit.

It makes a great deal of difference, however, how the deficit is reduced. Burdening the country with new taxes at a time when taxation is already taking one-fifth or more of the national income is not likely to help business. This is particularly true of taxes which are likely to fall temporarily or permanently on the working capital of business enterprises.¹⁸ Consequently, the deficit should be reduced in the main by cutting expenditures rather than by imposing new taxes.¹⁹ Time does not permit an analysis of the intricate problem of how expenditures might most advantageously be reduced. Approximately \$150,000,000 might be saved by transferring the post office to a public corporation, operated by a general manager subject to a board of directors and with authority to set whatever rates were necessary to cover costs.²⁰ But undoubtedly the country is not yet prepared to insist upon this step.

Some savings could be achieved by bureau reorganizations and by conducting the operations of the Government more efficiently, but the amount which could be saved without sacrificing valuable work is probably small in relation to the deficit. Undoubtedly the greatest opportunity to reduce expenditures would be to cut the payments to veterans for disabilities not incurred in service. These payments should never have been made in the first place. They now approximate \$450,000,000 a year, or nearly one-fourth of the expenditures of the Federal Government. Nothing would do more to eliminate the fear caused by the deficit and to improve public sentiment toward national finances than for Congress to reduce by \$250,000,000 or \$300,000,000 the payments to veterans not disabled in service. Indeed, I venture the assertion that \$250,000,000 taken from the veterans would do more to inspire confidence in the national finances than \$750,000,000 of savings achieved in other ways, because it would demonstrate that Congress had the courage and vision to rise above petty politics in dealing with Budget problems. This statement illustrates how largely the problem presented by the deficit is a psychological one. The problem is not to eliminate the deficit but to reduce it sufficiently and to administer national finances in such a manner as to eliminate the fear caused by it—and thus to derive the maximum inflationary benefit from the deficit.

IV

Thus far I have arbitrarily defined the immediate unemployment problem as that which must be met between now and next summer. But unemployment will probably be severe during the winter of 1933-34 and possibly much longer.²¹ Let us face these facts squarely and ask frankly what they mean.

¹⁷ This is likely to be particularly true of enterprises which have loans that are about to mature and which fear that large loan flotations by the Government may prevent private enterprises from floating loans on favorable terms.

¹⁸ Here is the principal objection to a sales tax. Under present market conditions most sales and excise taxes can not be promptly shifted by producers to consumers and consequently they fall upon working capital. Most enterprises are already operating at a loss or making only small profits. As every one knows, nothing is more effective in inducing managers to postpone every possible repair and replacement, to let inventories fall to the very minimum, to lay off every man who can possibly be spared than to see their working capital steadily being consumed by sales below cost.

¹⁹ The obvious exception is, of course, a tax on beer. If the industry is legalized, it could bear a fairly heavy tax and should bear it.

²⁰ This would mean abolishing the position of Postmaster General. It would also mean that postmasters would no longer be political appointees. They would be selected and promoted from small offices to large ones on the basis of efficiency and performance, just as the managers of chain stores are appointed and promoted.

²¹ I make this statement in full realization of the fact that a very rapid and spectacular business revival would not be at all surprising. So great is the amount of postponed buying by both consumers and business enterprises that a change in the trend of prices (brought about by the revision of debts, the application of the domestic allotment plan, or the world's steadily growing gold stocks) might soon initiate a spectacular upward spiral of buying and investing. It is merely conservative, however, to assume that the revival will be slow and to plan unemployment relief accordingly.

To begin with, they probably mean that we must have the dole on a large scale for at least two more years. It has been said that our present dole system is the worst in the world. Since, whether we like it or not, we must have a dole, is it not sensible to make our dole system the best in the world?

What kind of an organization is required? A substantial proportion of the relief funds for at least the next year must come from the Federal Government. The task of administering Federal aid and of furnishing leadership to the States and the local communities in organizing relief is too big to be handled permanently by a division of the Reconstruction Finance Corporation. An emergency board of unemployment relief is needed in Washington. In addition, State boards are needed such as those in New York and Illinois, and in many communities subsidiary local boards. The Federal board should be ready to cooperate with the State boards in establishing and perfecting local relief agencies and to grant financial aid to the States, where, in the judgment of the Federal board, local conditions warrant it. But the Federal board should be definitely instructed by Congress to refuse Federal aid to any State or locality which, in the judgment of the board, fails to make a reasonable effort to help itself.

Because relief must continue for a long time, as much of it as possible should be work relief. Unfortunately the tendency in most communities has been to reduce the amount of work relief. In some places, particularly in large cities, difficulty has been experienced in finding enough suitable work-relief projects. Often the administration of work relief has been unsatisfactory, and this has had unfortunate effects upon the morale of the holders of work-relief jobs. Most important of all, the expense has been too large in comparison with home relief.

None of these disadvantages is insurmountable. Imagination and careful search will reveal a surprising number of opportunities for work relief even in the large cities.²² Furthermore, with a State or National relief organization it would be possible to transfer some city unemployed to work-relief projects outside of the cities. Proper administration is largely a matter of proper planning. The hours of employment at work relief can be so adjusted that this form of relief does not cost substantially more than home relief. In order to stimulate the development of work relief, a bureau of work relief should be established under the direction of the Federal unemployment relief board. This bureau should have a substantial appropriation to be used in financing approved work-relief projects in cooperation with the States, cities, or counties.

Finally, and most important of all, the prospect of two or more years of unemployment on a large scale means that much more drive should be put behind the movement to spread work. It should be a drive, not to spread work thinner than it is now being spread, but to prevent hours from being increased too much when business picks up. The subcommittees which have been established by the Teague committee can scarcely be expected to do this. They are not likely to remain in existence long enough and they lack authority to prevent recalcitrant employers from increasing hours rather than hiring more men. The title of the semipermanent board established in Washington should be the emergency board of employment and of unemployment relief, and the board should be authorized to establish in the various industries committees with the function of determining from time to time what working hours, in view of the unemployment situation in the industry, are reasonable.²³ Violation of these orders should be punished by suitable penalties. Probably the Government could not constitutionally exercise this authority except for the period of the emergency. During the emergency, however, there can be no question that Congress possesses the authority to limit working hours by reasonable methods for the purpose of giving more men an opportunity to earn a living. It is a grave situation, this one of prolonged unemployment which seems to confront us, and one which we can not meet unless we are willing to do some things which we have never done before. Perhaps we shall be saved from it by the spectacular revival which the large volume of postponed buying makes possible. Obviously, however, it would be rash to gamble on such a revival. We must prepare to deal with the absorption problem by creating efficient machinery for limiting the increase in working hours and for compelling universal division of work as business picks up.

SUMNER H. SLICHTER,
Harvard University,
Graduate School of Business Administration.

²² The projects, of course, need not be manual labor and the need for work relief for the "white-collar" unemployed is great.

²³ Note that the restriction on hours would relate to the working hours of the men, not the operating hours of the plants. The plants might work 24 hours a day 7 days a week provided they worked no man more hours than permitted.

STATEMENT OF RAYMOND F. CLAPP, DIRECTOR OF WELFARE FEDERATION OF CLEVELAND

The CHAIRMAN. Mr. Clapp, will you please give your name and address and present position to the reporter for the record?

Mr. CLAPP. My name is Clapp, Raymond F. Clapp, and my position is director of the Welfare Federation of Cleveland.

The CHAIRMAN. Is that federation a private agency?

Mr. CLAPP. It is.

The CHAIRMAN. You have not administered any public funds?

Mr. CLAPP. Yes; private relief agencies which are members of the Welfare Federation have administered the bulk, probably 80 per cent, of the public funds that have been spent in Cuyahoga County and Cleveland for relief.

The CHAIRMAN. You appeared before the committee a little over a year ago, when we had similar legislation under consideration. We would be pleased to have you give us additional information concerning the situation that exists to-day, and any suggestions concerning the legislation which you might care to make.

Mr. CLAPP. I thank you. I am also secretary of the joint committee on relief measures of the county of Cuyahoga, which represents the city of Cleveland, the county, the board of education, and suburban governments, as well as the private agencies.

The committee has recently made an estimate of the relief requirements for the city of Cleveland and the county of Cuyahoga for 1933. Our estimate is that the total expenditure for emergency relief will approximate \$12,000,000 in the year 1933.

The CHAIRMAN. How does that compare with your expenditures in 1932?

Mr. CLAPP. That compares with approximately—between \$7,000,000 and \$8,000,000 in 1932.

The CHAIRMAN. And in 1931?

Mr. CLAPP. And in 1931, I should say about \$3,500,000.

The CHAIRMAN. Can you give any picture of the increased burden of families or persons assisted?

Mr. CLAPP. There are now approximately 32,000 families under care.

The CHAIRMAN. How does that compare with 1931?

Mr. CLAPP. That is approximately double a year ago, and approximately six times two years ago, and I should say approximately eighteen times three years ago.

The CHAIRMAN. What resources have you to meet this expenditure?

Mr. CLAPP. It is our estimate that for 1933, of the \$12,000,000 needed, \$4,000,000 will come from local resources.

The CHAIRMAN. Public and private?

Mr. CLAPP. Public and private, yes; including the community funds, including special levies voted by the voters for emergency relief purposes, the general fund, borrowings by the local government, and possibly the reallocation of the gasoline tax and automobile licenses and other funds that have heretofore been used for other purposes—from those purposes to relief purposes.

The CHAIRMAN. Where do you expect to get the other \$8,000,000?

Mr. CLAPP. The other \$8,000,000 we expect, in part, to come from the State, and in part from the Federal Government.

The CHAIRMAN. Have you made any estimate of how much you will need from the Federal Government?

Mr. CLAPP. It is our hope that, of the \$8,000,000, one-half will come through the State, from new State funds, requiring additional levies or the reallocation of other State income, and the other \$4,000,000 will come from Federal funds.

The CHAIRMAN. Under the constitution of the State of Ohio, can the State borrow money from the Reconstruction Finance Corporation, or does it have to get it by the roundabout method of deducting it from mythical future highway funds.

Mr. CLAPP. The State can not borrow money without the vote of the people; that is, beyond a certain minimum amount.

The CHAIRMAN. Has the State received any money from the Reconstruction Finance Corporation?

Mr. CLAPP. Yes.

The CHAIRMAN. How much; do you remember?

Mr. CLAPP. The State has received something over \$6,000,000 from the Reconstruction Finance Corporation, of which approximately one-third has come to the local subdivisions under subsection (e), whereby the local subdivisions have issued bonds or notes and will repay the money.

The balance comes to the State under subdivision (c), which is a direct grant to the governor, to be refunded from future highway grants.

The CHAIRMAN. You anticipate that \$4,000,000 more will be necessary in 1933 for the city of Cleveland and Cuyahoga County?

Mr. CLAPP. Yes; on a population basis of 1,200,000 for the county. Our \$12,000,000 need represents a total, of \$10 per capita of population, or \$3.33 for the year from the local funds, \$3.33 from the State funds, and \$3.33 from the Federal funds, if this distribution should be finally made, and if our estimate is accurate.

There has recently been an estimate made for the State, if you are interested in it.

The CHAIRMAN. We would be very glad to have it.

Mr. CLAPP. The State has a population—

The CHAIRMAN. What is the source of this estimate?

Mr. CLAPP. The estimate is by the State relief commission, and I am familiar in part with the details of it.

If I may spend some of my time discussing that estimate I shall be glad to do so. The State has a population of 6,600,000 according to the 1930 census, and an estimate of the total emergency relief needs for the State as a whole—

The CHAIRMAN. For 1933?

Mr. CLAPP. For 1933—is \$36,000,000 in round numbers. Now, that, you see, is \$5.50 per capita of population, as against \$10 in Cuyahoga County.

It is estimated that one-third of this total will be provided from local funds. It is my hope, at least, that the second one-third will be provided from State funds as a result of action to be taken by the legislature, which convened yesterday. That would leave the remaining \$12,000,000 to come from Federal funds, and that \$12,000,000 would be somewhat less than \$2 per capita of population for the State.

You may be interested in this, too, Mr. Chairman: That there is a wide variation in the relief needs of the various counties in the State. Cuyahoga County, in which Cleveland is located, Hamilton County, and two or three other industrial counties, where the problem is severe, have estimated a need approaching \$10 per capita of population. The 10 largest counties will present 55 per cent of the population of the State and will probably have a total need of around \$8 per capita of population.

One-half of the counties in the State, however, being rural counties, will show a total need, we estimate, of around \$1 per capita of population; and that, we think, is of some significance, nationally as well as state-wide; that there will be States, a larger proportion of whose population is industrial, which will have a higher per capita need; and others, largely rural States, which will have a lower per capita.

The CHAIRMAN. Did this commission make any such comparable estimate for 1932, for the State?

Mr. CLAPP. It is my recollection that the 1932 expenditures were in the neighborhood of \$27,000,000.

The CHAIRMAN. What was the estimate, if one was made?

Mr. CLAPP. I do not know. We did not make a similar estimate a year ago.

The CHAIRMAN. That is what I was trying to get at. What I was trying to find out was whether you had estimated conservatively, or whether you found, as many communities and commissions have done, that you had underestimated the need, so that the burden has become much greater than anticipated. Would you regard your estimate of \$36,000,000 for the State of Ohio for 1933 as a conservative estimate, or do you think that this estimate will not be exceeded?

Mr. CLAPP. I should say that it is conservative, but I should guess that the need would be as likely to exceed \$36,000,000 as to be less than that sum.

And you might be interested to know that we did make an estimate last January of the relief needs in our county.

The CHAIRMAN. For 1932?

Mr. CLAPP. For 1932; yes.

The CHAIRMAN. How did you make it?

Mr. CLAPP. For one agency that carries 80 per cent of the relief burden our estimate at that time proved to be less than 5 per cent in excess of the actual expenditures. We guessed last January within 5 per cent of our 1932 actual expenditures for relief.

The CHAIRMAN. What do you say, as the result of your experience in such work, Mr. Clapp, about the importance of the continuity of the funds and organization?

Mr. CLAPP. We have not had experience with any lack of continuity in the Cuyahoga County or Cleveland nor, so far as I know, in any other part of our State.

The State legislature met last spring and took action which has made it possible for Ohio, at least, to get through the year, up until the time the Federal funds became available, without any breakdown in the relief machinery.

The CHAIRMAN. What about the adequacy of the relief that you are providing in Cuyahoga County?

Mr. CLAPP. We could, of course, spend more in Cuyahoga County than we are doing now, probably, with advantage to the families.

However, no family has been turned down for lack of funds at any time during the depression.

The CHAIRMAN. What are you providing?

Mr. CLAPP. The average relief, the material relief going into the families, per month, runs from \$18 to \$20.

The CHAIRMAN. What does that include?

Mr. CLAPP. The budget on which this is based provides, roughly, for approximately \$1 per person per week for food, with an additional allowance for clothing, some new and some used clothing, for fuel, and we are now spending between \$2 and \$3 per family, per month, for rent. That, of course, is supplementary to what the families may be able to earn themselves and to pay on their rent.

The CHAIRMAN. Do you pay the light and gas bills?

Mr. CLAPP. Yes, we do.

The CHAIRMAN. Only when they are threatened with the discontinuance of the service?

Mr. CLAPP. Yes; and when possible, we use a substitute for gas for heating, wood and coal stoves, coal-oil stoves.

The CHAIRMAN. But the unemployed in Cleveland are not forced to resort to kerosene, as they are in some cities, for light?

Mr. CLAPP. I do not believe they are, but I am not certain of that.

The CHAIRMAN. I take it, from your statement, that you approve of the principle that the Federal Government should assist in meeting this problem?

Mr. CLAPP. No question about it, in my mind.

The CHAIRMAN. What have you to say concerning the method by which the Federal Government should provide relief? Do you think that the loan provision, as was set up in the bill passed last spring, is a satisfactory basis and may be continued for the next two or three years, or do you think that we have got to come to the principle of grants-in-aid on the part of the Federal Government?

Mr. CLAPP. I believe the present system has worked well to date. I do not know how much longer it may work. Of course, the populous States, with heavy relief requirements, will be mortgaging one-fifth of their possible Federal highway funds, I suppose, for very many years in advance; so that I can see there is some limit to the present plan.

The great difficulty that I see is the one that Doctor Slichter spoke of with the present plan, and I think that the experience of Ohio might possibly give you some help.

Ohio has set up certain measures which it will expect each county to take, itself, before that county comes to the State for help. The counties whose relief burden runs only \$1 to \$2 per capita per year for its entire population—and as I say, that represents probably one-half of the counties of the State—probably will be expected to provide that amount from their own local resources, and the State has set up certain measures by which those counties are enabled to do that from their own local resources, such as by the use of gas tax and license money and special borrowings.

Then I think it is wise for the counties having a higher relief cost to share in some of the overload above a given minimum with the State. If there could be some plan of that sort devised, nationally, whereby the State whose problem is relatively small in proportion to the population, might be expected to take care of the whole burden;

and the other States, whose problem is in excess of a reasonable minimum, could be expected to take care of a certain proportion of that burden, that would be the plan which, as I say, has proved effective in Ohio.

The bill on the present basis allows \$250,000,000 for one year, for the nation, or approximately \$2 per capita of population.

There must be many counties and many States in this country which will not require more than \$2 per capita of population in relief for the whole year; and those States may very well be entitled to receive, and actually receive, more money than they need under the present bill, and then they would have a surplus.

If our present estimates are correct, Ohio, in fact, would be in that position. It would be entitled to receive, under this bill, for 1933, more money than our present estimates indicate is needed; and I doubt if there are one-half dozen States in the United States whose problems are so severe as these of the State of Ohio.

The CHAIRMAN. We thank you, Mr. Clapp.

STATEMENT OF SIDNEY E. GOLDSTEIN, RABBI, FREE SYNAGOGUE, NEW YORK CITY

The CHAIRMAN. Doctor Goldstein, will you give your full name and address and present position to the reporter for the record?

Rabbi GOLDSTEIN. My name is Sidney E. Goldstein, and I am rabbi of the Free Synagogue, New York; and chairman of the executive committee of the joint committee on unemployment.

The CHAIRMAN. You appeared before the committee a little over a year ago?

Rabbi GOLDSTEIN. Yes.

The CHAIRMAN. You gave it information concerning the unemployment problem and the inadequacy of the relief measures which were then being employed. The committee would be glad to have you proceed, in your own way, now to add any further light which you can on the problem before the committee.

Rabbi GOLDSTEIN. Mr. Chairman, the joint committee on unemployment, composed of more than 15 national organizations, has received reports this year, as we did last year, from every section of the country; and all of these reports are filled with facts that I believe support the bill you and Senator Costigan have introduced into the Senate, calling for Federal relief in the aid of the unemployed.

The reports, in the first place, show that unemployment in the United States has increased during the last year from 15 to 30 per cent, and in some sections it has increased to an even greater extent. In New York State, which suffered less than others, the increase has been between 15 and 20 per cent, and it would be conservative to say that the average increase in the United States as a whole during the year has been about 20 per cent. During the months of August, September, and October there was a slight decrease in unemployment, but beginning with the 1st of November we have lapsed back to where we were in June and July.

The second important point which we wish to stress is that the standard of relief in every part of the country is unbelievably low, and in some parts of the South is tragically so. You have already received statements from New York, Ohio, and Illinois showing

that in these States agencies are allowing families at the present time somewhere between \$4 and \$5 per week; that is, for a family of five. This amount is the maximum that is now being allowed for relief. In some States in the South, particularly in Mississippi, Alabama, and Louisiana, our reports show that agencies are allowing not more than \$2 per week per family, and these allowances are made only for food. There is little or no allowance made for light or heat or clothing, and rent, we learn, is granted only when a family is on the verge of eviction or the furniture is actually upon the street. This situation in regard to rent is repeated in every city in the South, the East, and the Middle West. The result is that a family never knows how long it is going to remain in a home in which it happens to be lodged. This feeling of insecurity is destructive and devastating to the family.

We also wish, Mr. Chairman, to call your attention to some of the consequences of unemployment as they are now beginning to reveal themselves. There is no doubt whatever in our mind that the health of the people is being impaired, and through lowered resistance semistarvation is spreading among large sections of the people in the mill villages, the mining districts, and industrial centers, and undernourishment is sweeping rapidly through the child population of the United States. A recent study made of the school children in New York shows that there is an increase in the number of undernourished children of 33½ per cent in one year.

The CHAIRMAN. By whom was that study made?

Rabbi GOLDSTEIN. The department of health of the city of New York makes a periodic examination of the children in the public schools of the city, and the commissioner of health reported to us very recently that the examinations made by his corps of physicians showed that 33½ per cent more children suffered from undernourishment this year than 12 months ago. In other words, undernourishment is spreading like an epidemic among the children of our country, if we may take this study made by the department of health and studies made elsewhere as the basis on which to build judgment.

Another consequence that we believe should be brought to the attention of this committee is the breakdown in family life. Families are compelled to move into tenements that were declared unsanitary and uninhabitable 25 years ago. They are crowded into dark, damp basements that are utterly unfit for human habitation and that were condemned and should have been destroyed a quarter of a century back. In some of these basements we find two and three families attempting to live, which means that these families are herded into such small space that they suffer not only danger to their health but a menace to their moral life. The standards of privacy can not be maintained under such conditions and it is impossible to develop family life as we should like to see it in America. We have also learned, Mr. Chairman, that there has been a marked increase in insanity and suicides throughout the United States, and we can account for this increase only by saying that men and women are unable to stand the strain of unemployment and the consequent suffering. The insane asylums are overcrowded as they have never been in our history, and statistics prove that we have a larger number of suicides than in any period of which we have record.

The discouragement, the despair, the desperation of the people who are out of work and who have been out of work for a year or two years or three years is reaching the point where we must look upon the situation with great seriousness. The people up to this time have borne their burdens with patience, with courage, and with incredible heroism. I doubt, however, whether they are ready to suffer longer in silence. The unemployed are organizing in different parts of the United States and the mood in which we find them could easily be translated at any time into action and violence that we should all greatly regret. We must remember that this is the fourth winter of unemployment and that families have utterly exhausted their savings and other resources and are at the point of sheer desperation. Families are exhausted, just as the cities and communities and States, and are all haunted by the fear of the future.

I should like, Mr. Chairman, to bring to your attention now some of the needs that we believe this committee and the Senate and the Federal Government must face.

I was not able to hear the testimony of Mr. Hopkins this morning, but I know that a few weeks ago I made an estimate that the number of families actually in need in the State of New York, and I arrived at the number of 300,000, and I submitted this number to Mr. Hopkins and his assistant, and they told me that it was a very conservative number, and that the actual number must be somewhere between 300,000 and 350,000 families actually in need in the State of New York.

Of course, the families require more than the various agencies are allowing them. We believe that a family ought to be allowed a minimum of \$10 a week, and that means merely subsistence on a disaster level.

If 300,000 families proves to be a conservative number and are to be allowed the sum of \$10 per week, that means that we should need in New York State alone about \$150,000,000 for next year, in order to cover the elementary needs of the families now requiring assistance at the hands of the State.

As far as we can discover, the State will not be able to raise from public and private sources more than a total of \$75,000,000. That includes \$15,000,000 that we hope to be able to raise in the city of New York through the Gibson committee, and \$30,000,000 authorized by the people as a bond issue at the last election.

If the State is able to raise only \$75,000,000 from public and from private resources, that means that the State of New York, the richest in the Union, will be compelled to come to the Federal Government and ask for \$75,000,000 in order to help us maintain the unemployed in the State on merely a disaster level.

Governor Lehman, in his inaugural address, indicated that it will become necessary, and I think stated that we shall be compelled to come to you for assistance.

We have tried to make estimates of the number of families in need in other parts of the country. I hesitate to give these figures, because they seem almost extravagant, but our estimate is that there must be between two million and three-quarters and three million families actually dependent in the country as a whole. That is a very large number, but we believe that it is not overstated.

That means, Mr. Chairman, that in the United States, if we are to allow a family only \$10 per week, which we believe to be the minimum, we shall need, during the next year, a total of \$1,500,000,000. If you assume that the country, that is, the public and private resources in the cities and States will be able to raise one-half of that amount, as we hope to do in New York, the country will be able to raise only one-half of what is actually needed.

In other words, the Federal Government will be required to appropriate a total of \$750,000,000, in addition to what the States and cities and public can raise; in other words, \$250,000,000 more than you have asked for in the bill that you and Senator Costigan have introduced.

That seems to us to prove the necessity not only of the amount for which you have asked, but of a larger sum even than you have included in the bill.

I should like to say also, that as far as we can discover, the Reconstruction Finance Corporation's program has not met the needs as, last year, the Senate and the President recognized, and the House as well, was the responsibility of the Federal Government in the aid of the unemployed, but passed a bill which greatly limits the activities of the Federal Government in aiding the unemployed.

There are some States which find it difficult to secure funds, because, chiefly, the funds must be allocated on the basis of loans, and some of the States can not afford, sometimes on account of their constitutions, to ask for loans.

We believe that your bill is very much better; that the money ought to be allotted on the basis of the need, and direct to the States, and not granted as loans to the State. That to us is a most important point, also, to keep in mind.

I should like to add, if I may, that this joint committee that I have the privilege of representing, of course, does not believe that relief is the only item that should be stated in this whole program. You know, as we do, Mr. Chairman, that much more will have to be done. We are urging, in addition to relief: First of all, the elimination of children from the whole field of industry, and of working these children under the age of 17.

As far as we can discover, there are over 2,000,000 children working to-day that ought to be taken out of the shops and factories, in order that work may be provided for their elders.

We also believe that the aged men and women over 65 ought to be retired and pensioned; in other words, that the working population should be limited to the group between 16 and 65.

In other words, that we are convinced that the time has come when we must, through legislation, limit the hours of labor in the country, or in the industry in the country, to at least 5 days a week and 6 hours a day. I do not know whether that could be done by Congress, except in interstate commerce and to cover commodities made in the States and transported from one to the other; but I do know that the States themselves could pass such legislation as emergency legislation.

We are satisfied now as the result of our conferences with constitutional lawyers, that such emergency legislation would undoubtedly be declared constitutional, on the ground that it is emergency legislation and necessary for the welfare of the people.

We also believe that, in addition to limiting the hours of labor, we must introduce a whole program of social insurance, or employment insurance, in order to give the people a sense of security, to some degree at least, during periods of unemployment.

There is one other point, Mr. Chairman, that I should like to emphasize in regard to statistics. Necessarily, at the present time, we are a little cautious in reading statistics of employment or of unemployment. At the present time in the different States, as you know, the labor departments receive reports from the different factories of the States, and give us in that way, an index of the employment or unemployment, on which we try to calculate the amount of unemployment.

I found that many factories and shops are reporting to the Department of Labor of the States people employed, who are employed only a part of the time. In the city of Utica, if I may give you one illustration, and I learned that they have solved the problem of unemployment in this way: As I got off the train, I met a friend who owned a number of factories in that city, and I said to him, "I suppose you have the same problem here as we have in other parts of the country," and he said, "No, we have solved the unemployment problem in Utica. We have taken the amount of work that we have in the city and divided it among the workers." And I said, "How long are the workers working at the present time?" He said, "Everybody is working two days a week."

They are reporting to the State department of labor that number of people who are working just two days a week as people who are employed. The fact of the matter is that you have, in that city, an unemployment problem of 60 per cent, or 66% per cent, because the people are working only 33% per cent of the time that they normally work in that city.

I think that is a very important point to keep in mind, in trying to estimate the amount of unemployment at the present time.

Those, Mr. Chairman, are the principal facts that we wanted to bring to your attention, and we shall be very glad to submit to you a more complete statement of the reports we have received from the different parts of the country, to support the summary which I have given to you just now.

The CHAIRMAN. We will be very glad to have it incorporated in the record at the conclusion of your statement. We are very much obliged to you, Rabbi Goldstein.

The committee will stand in recess until 10 o'clock to-morrow morning.

(Whereupon, at 4 o'clock p. m., the committee recessed to 10 o'clock a. m. to-morrow, January 5, 1933.)

(The statement referred to in Doctor Goldstein's testimony is printed in full as follows:)

REPORT ON FOUR GREAT INDUSTRIAL STATES

ILLINOIS

Mr. Karl Borders, of Chicago, secretary the Illinois League for Industrial Democracy:

"The fourth winter of unemployment in Illinois finds the State with the stupendous total of 1,400,000 unemployed. This is over two-fifths of the number normally employed in the State. Over half this number are in Chicago, where fully one half the number normally working are unemployed. The State

department of labor reports minute increases in pay roll and employment since the low of July. But the relief load is still steadily climbing as resources are exhausted. Approximately 150,000 families in Chicago alone are on relief, plus more than 20,000 men and women cared for in shelters.

"Practically all of relief funds since February this year have been from State and Federal sources—20,000,000 Federal and 19,000,000 State. Continuous relief service has been given throughout this period by dint of vigorous action on the part of the relief commission and organized pressure of the unemployed. Threats of closure of relief stations and one actual 30 per cent cut in rations, have been met with immediate action by unemployed organizations. These organizations have undoubtedly been a large factor in the total situation.

"Although relief standards in Illinois, particularly in Chicago, compare favorably with other States they are invariably below normals set by caseworking agencies in so-called normal times. No rents are paid. An average of 313 actual evictions per month have taken place since June, to say nothing of many thousands of removals which cause untold mental suffering.

"There is no cash allowance for incidentals; no provision for school expenses; clothing is inadequately provided. Nonfamily persons are cared for almost exclusively in congregate shelters—an admittedly demoralizing and makeshift proceeding."

OHIO

Dr. I. M. Rubinow, director the Cincinnati B'nai B'rith:

"With the unemployment ratio of over 30 per cent considering only total unemployment, with a shrinkage in the pay roll from nearly \$2,000,000,000 in 1929 to less than half, or a wage loss of over \$1,000,000,000, Ohio, one of the most important industrial States in the Union, finds itself in a well-nigh desperate position. In a population of some 7,000,000 people, over 100,000 families, or a population of between four and five hundred thousand in the State, are being supported out of private and public relief funds. The amount of relief granted, which has shown a tendency to double almost every year since the beginning of the depression, a year ago ran about \$800,000 a month, and now runs at the rate of a million and a half a month. The annual relief budget may approximate \$20,000,000. That represents only a drop in the bucket in comparison with the wage loss sustained.

"Concentrated industrial centers where one industry predominates, such as Dayton, with its rubber industry, Youngstown, with its steel, Toledo, with automobiles, etc., show an even more distressing situation. Standards of relief have been unmercifully slashed. A grant of \$10 to \$12 a month is beginning to be considered as a normal appropriation. Direct distribution of food, which only two years ago created a sense of horror among social workers, has been adopted almost throughout the State as the only method possible with the means at hand.

"The only ray of hope for a better policy in the future is brought by the report of the Ohio Unemployment Insurance Commission, presented to the governor two weeks ago. The report recommends a well-worked-out plan for unemployment insurance based upon moderate contributions from both employer and employee totaling 3 per cent of the pay roll, out of which benefits of 50 per cent of the wages, but not in excess of \$15 a week, could be paid for 16 weeks of unemployment in any one year, after a waiting period of three weeks."

PENNSYLVANIA

Emil Rieve, of Philadelphia, president the American Federation of Full Fashioned Hosiery Workers:

"Every sixth family in Pennsylvania needs relief as a result of unemployment, according to figures certified by the State emergency relief board to the Reconstruction Finance Corporation.

"The actual situation is probably worse than this figure would indicate, because a number of families in the State are receiving Red Cross flour but no other relief from public funds. This means that thousands of families are right on the border line of starvation but as they are only hungry and not literally destitute, do not 'rate' State or local relief.

"The best estimates of the number of totally unemployed in Pennsylvania give us a figure in excess of 1,200,000, which is over 34 per cent of the total working population of the State.

"The emergency relief board of the State has just allocated \$2,000,000 to cover the needs of the unemployed throughout the Commonwealth. Only 5 or 6 of the 67 counties in the State can get along without outside assistance to supplement money raised locally for relief. The \$2,000,000 provided by the State

probably affords a relief disbursement of between \$1.50 and \$2 a week to each of the families needing aid.

"Reconstruction Finance Corporation funds paid out by the State are of course supplemented by some funds raised by taxation in Pennsylvania itself and in a few cases, some local funds are available also. However, the total additional amount provided from State, county, and private funds is probably less than 30 per cent of the amount received from the Reconstruction Finance Corporation.

"In the city of Philadelphia, the county emergency relief board states this week that 41,000 households are receiving relief. The number of families receiving relief is between 50,000 and 60,000."

NEW YORK

Dr. Sidney Goldstein, chairman the New York State Committee on Unemployment:

"In New York State the unemployment situation has grown steadily worse during the last year. Unemployment has increased 25 to 30 per cent in almost every section of the State. In some of the industrial centers 50 to 60 per cent of the working classes are out of work whole time. It is not an overstatement to say that fully 1,500,000 men and women are altogether without work in the State as a whole. This number does not include the men and women who are working part time and losing 2 or 3 or 4 days a week. The pay roll has dropped even faster than employment.

"In the month of October of this year the State Emergency Relief Committee reported 199,000 families under care in the State and 83,000 people waiting for work relief and unplaced. A minimum of 300,000 families in the State of New York are actually in need of aid, and it is probable that 350,000 is nearer to the truth.

"The standard of relief in New York City at the present time is down to a mere subsistence level in almost every section.

"If we assume there are only 300,000 families in need and that each family can survive on \$10 a week, New York State will require for the next year an average of \$12,000,000 a month or \$144,000,000 for the year. This would maintain the families in need, on nothing more than a disaster level. But even this amount the State will not be able to provide. The maximum that we can expect the cities to secure is \$30,000,000. The citizens have just approved a bond issue of another \$30,000,000 for the State. This gives a total of \$60,000,000 with which to meet a state-wide need that will require at least \$144,000,000. The State of New York must secure from the Federal Government this year a total of \$84,000,000 if the unemployed in the State are to be saved from further destitution and collapse."

SUMMARY OF RELIEF CONDITIONS IN 35 STATES

(Prepared by the Joint Committee on Unemployment, John Dewey, chairman, Dr. Sidney E. Goldstein, chairman executive committee)

Reports from 35 States including all the industrial States of the Nation indicated a tremendous need for Federal aid for the unemployed this year.

CERTAIN GENERALIZATIONS FROM THE REPORTS OFFERED

The unemployment situation in the various States as described in these reports has certain definite common conclusions which indicate that the widespread distress can be met only by the National Government.

As far as the funds made available by the Reconstruction Finance Corporation are concerned, we find the following situation:

In regard to the funds made available in 12 of the 35 States, no loans have been applied for to-day. In 23 States, applications have been made and, with the exception of one or two States, part of the loans applied for have been received. These loans, however, were to apply to the period expiring December 31, 1932. In only a few States was the total amount applied for granted. In many cases, the loans made were to individual cities and counties rather than to the entire State. In regard to the amount of unemployment throughout the country, this has increased from 20 to 100 per cent during the past year, and in most communities has been doubled or trebled since 1930. The amount of unemployment in the 35 States shows an average increase of 35 to 40 per cent. These figures are

for those totally unemployed. No figures were given for those partially employed, but the number was estimated to be as great as those totally unemployed.

In addition to these two groups of people immediately affected through the loss of jobs by the depression there are reports of much lower wages for those still employed, due to the competition in the labor market. From North Carolina, for instance, the report brings word that there has been no increase in the number of those unemployed, but that those employed through increased activity in the textile mills are working at such low wages that the destitution is far greater than last year. The amount needed for relief in every State appears to be greatly in excess of the amount which can possibly be raised either by public or private charity.

It is apparent that throughout the country the cities are bankrupt and have exhausted sources open to them through their taxing power. The same thing applies to many States. Estimates as to the amount necessary from the Federal Government to supplement private and public aid state that from one-third to nine-tenths of the total amount necessary must come from the National Treasury. Averaging the estimate given, we find that at least 50 per cent of the aid must come from some source outside of the State. Practically all reports indicate a failure of local drives to attain the goals which had been set for them.

AMOUNT OF RELIEF GIVEN

The total sums which must be raised for relief throughout the country which can not be raised locally, are based not upon any adequate American standard of living, but on standards far below the levels which have been established by the Government itself and by professional social workers over a long period of years. Relief throughout the country is being given in two forms.

(1) In supplying a limited amount of work for which wages are paid, varying from 75 cents to \$5 per day. There is a limitation as to the number of days' work given to individuals and this varies from one to five days. In most cases, however, it is clear that recipients of made-work are not averaging more than \$5 or \$6 a week. In some places, they get as much as \$15 a week, but in even more places there will be two days' work a week at \$1 or \$2 a day.

(2) Direct relief in the form of cash or food orders. The average amount given for relief in this form is from \$2 to \$6 per week per family. A few States will maintain a standard of \$10 or \$14 a week. None of the States are giving relief to all who need it but there is a tendency everywhere to select the hungriest from the hungry.

These figures are for those who are receiving relief and do not take into account at all the vast numbers of men and women who are considered by the statisticians to be employed and who are receiving wages of from \$10 to \$15 a week on which the family is trying to maintain itself. People who are receiving these small salaries are trying to pay for rent, insurance, light, clothing, etc., which means that the amount left over for food is in many cases as low as or less than the amount given in relief to those who come in the pauper class.

FEDERAL AID FOR UNEMPLOYMENT RELIEF

THURSDAY, JANUARY 5, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee reassembled, pursuant to the recess of yesterday, at 10 o'clock a. m., in room 212, Senate Office Building.

Present: Senators La Follette (chairman), Wheeler, and Cutting.

The CHAIRMAN. The subcommittee will be in order. Mr. Bittner, will you please give your full name, address, and present position to the reporter?

STATEMENT OF VAN A. BITTNER, CHIEF REPRESENTATIVE OF THE UNITED MINE WORKERS OF AMERICA IN NORTHERN WEST VIRGINIA, FAIRMONT, W. VA.

Mr. BITTNER. My name is Van A. Bittner. I am chief representative of the United Mine Workers of America in Northern West Virginia, Fairmont, W. Va.

The CHAIRMAN. Mr. Bittner, in connection with your work, have you become familiar with the conditions concerning unemployment in northern West Virginia?

Mr. BITTNER. I think so; yes, sir.

The CHAIRMAN. Will you please proceed in your way to present a picture of that situation for the benefit of the committee?

Mr. BITTNER. As representative of the United Mine Workers of America, in northern West Virginia, I desire to lay briefly before you the plight of the miners and their families in that section of our country, as well as the demoralized condition of the bituminous coal industry and the coal-mining communities in northern West Virginia. The conditions prevailing in northern West Virginia apply generally to the entire State. With all my years as a miner and for the past 24 years as an officer of the United Mine Workers of America, may I inform you that the conditions of the miners and their families and all those connected with the coal industry is more deplorable to-day than at any time in the history of our industry. This condition of the bituminous industry is due almost entirely to the vicious cut-throat competition that prevails; railroads and other large consumers of bituminous coal are buying their fuel requirements below the actual cost of production, thus selling capital assets and degrading labor. We have received authoritative information that foreign railroads are buying coal from northern West Virginia as low as 45 cents per ton for run of mine coal f. o. b. at the mines. This is only an example of the general prices that prevail.

With these terrible conditions confronting us we are faced with the double-barrel proposition of not only feeding the miners and their

families, who are unemployed, but also relieving those who are at work due to the starvation wage standard in effect. The flour distributed by the Federal Government, the relief given by local charitable organizations, and such relief as is furnished by the United Mine Workers of America, and also the funds borrowed recently from the Reconstruction Finance Corporation are all that keep body and soul of thousands of miners and their families together. These funds are inadequate, and instead of conditions getting better in the bituminous mining industry they are getting worse.

Here is a picture of one of our largest coal-producing counties in northern West Virginia, which is a fair example of practically every coal-producing county in the State. The population of Harrison County is 78,567, of which 25,459 people are receiving relief in some form or other in the county. There are approximately 6,500 coal miners in Harrison County with less than 1,600 employed, leaving more than 4,900 unemployed. It is estimated that about 25,000 or 30,000 people in Harrison County depend entirely upon the coal-mining industry for a livelihood. From May 1, 1931, to January 1, 1933, 40 organizations in Harrison County report that \$674,000 has been spent for the relief of destitute people. The United Mine Workers of America contributed \$12,200 to its immediate membership. About 3,500 men are employed each week at \$2.40 per 8-hour day—20 per cent of this is paid in cash. These men work approximately five days per month. Three thousand one hundred and fifty bags of Government flour are distributed in Harrison County by the Red Cross. In 1932, 60,000 yards of cotton material were given out and 10,400 ready-made garments to assist in clothing the destitute. Three thousand seven hundred and fifty packages of garden seeds were distributed.

Here is a picture of the wage standard of the miners in northern West Virginia. Loading machine coal, 19 cents per ton; the highest inside day wage is \$2.88 for an 8-hour day; outside day wage, \$2 to \$2.35. To give you an example of just how low this wage scale is, the miner is compelled to load a 50-ton railroad car for the sum of \$9.50. This is not all. From the amount of wages he receives there is deducted each month \$1.50 for doctor, \$1 for company union, \$2.44 to \$3.01 for group insurance, \$8 for rent, \$2 for garbage, and we must admit with this wage scale there is no garbage, 50 cents sanitary charge, \$1 electric light charge, one-half cent per ton for blacksmith, as well as paying for coal and gas.

The Consolidation Coal Co. is the second largest coal-producing company in the United States, controlled by the Rockefeller interests and is now in the hands of a Federal receiver. Other companies operating nonunion mines in northern West Virginia are paying even a lower wage than the rates above set forth.

The artist needs no imagination in drawing this picture of woe and want and misery, of underfed men and women, thousands of little children deprived of the common necessities of life, suffering from malnutrition.

This terrible condition is a disgrace to our great country, the richest in the world. To us the tragedy of it all is many of these major ills can be cured, a much higher wage standard paid, a higher price for coal received, if such action is taken as will compel the coal operators to cooperate with the miners and carry out the public policy of the

United States as set forth in the public policy clause of the Norris-LaGuardia law enacted by the present Congress.

In 1924 the coal operators of northern West Virginia signed a wage agreement with the United Mine Workers of America which provided a wage of 62.7 cents for loading coal and \$7.26 per day for day work in the mines. In that year we were faced with the beginning of wholesale wage repudiations and abrogations by the coal operators. The miners were locked out. They fought as long as they could. Finally the power and strength of their union was destroyed and from 62.7 cents per ton for loading coal wages have steadily declined until to-day the union wage scale is 22.5 cents per ton and the nonunion mines are paying 19 cents per ton and less, or, in other words, wages have been reduced 70 per cent.

In destroying the power and influence of the miners' union and reducing wages to the present starvation level the coal operators of northern West Virginia also destroyed themselves. In other words, we have seen the law of compensation fulfilled at its worst. The Consolidation Coal Co., the second largest coal producing company in the United States, controlled by the Rockefeller interests, is in the hands of a receivership. The Valley Coal Co., the first company to operate nonunion in northern West Virginia, went into the hands of a receivership and the properties are now abandoned. The Brady-Warner Coal Co., the Bertha Consumers Coal Co., the Gilbert-Davis Coal Co., the Continental Coal Co., the Delmar Coal Co., the West Virginia Coal & Coke Co., all large operating concerns and many other smaller companies, are in the hands of the receivers. Wholesale bankruptcies have taken place and hundreds of business houses have closed their doors. This is a conservative picture of conditions prevailing in the coal mining field of northern West Virginia and as we have said heretofore, the conditions prevailing in northern West Virginia are in effect throughout the coal mining sections of the entire State.

With these conditions prevailing it is but natural that we turn to every avenue of relief. At the last International Convention of the United Mine Workers of America the La Follette-Costigan bills for relief work were indorsed in the following terms:

Whereas Senators La Follette and Costigan have introduced measures in the United States Senate calling for the appropriation of \$375,000,000 for direct relief, a substantial part of which is to be made available immediately, and also for a \$5,000,000,000 bond issue for work relief along the lines of Government construction; and

Whereas we believe that both bills are of vital importance and if adopted by the Congress of the United States will be the means of providing immediate direct relief and the program on construction will do much to light the spark that will turn us in the way of more or less relative prosperity; and

Whereas President John L. Lewis of our organization has appeared before the Senate committee in support of this legislation; and

Whereas, these bills are now reported out of committee favorably and are on the calendar of the Senate; therefore, be it

Resolved, by the thirty-second regular convention of the United Mine Workers of America, in session at Indianapolis, Ind., That we indorse the La Follette-Costigan bills for direct relief and work relief, and we urge upon the Senate and upon the House of Representatives the adoption of these measures in the best interests of not only the people but of the Government itself; and be it further

Resolved, That copies of this resolution be forwarded to the President of the United States, the United States Senators, and the Members of the House of Representatives of the Congress, and also to the American Federation of Labor.

May we say to you gentlemen that the fundamental upon which our industrial civilization rests is the wealth distributed through the wages of our workers and the sooner our Government, our bankers, and our employers realize this fact the sooner we will be blessed with that prosperity that is so desirable. Our farm problem, our business problem, our tax problem, and our financial problem are wrapped up in the amount of wages the workers of industry receive and thus spend. You can have no prosperity in this country until men return to work at decent wages. This is our great economic problem, therefore, we ask the Congress of the United States to immediately enact the La Follette-Costigan relief bills into law. Our people are hungry, our little children are crying for bread. They do not have sufficient clothing to protect them from the blasts of winter and we turn to our Federal Government and ask that these relief measures be put into immediate effect as a temporary relief measure.

Again returning to the bituminous coal mining industry and you gentlemen know that mining is one of the two basic industries, agriculture being the other, the time has arrived when Congress must realize that the industry can not stabilize itself. There is no leadership among the bituminous-coal operators big enough to solve this problem. There is now pending before our Congress a bill to stabilize the coal industry which is commonly known as the Davis-Kelly bill. This legislation has to do with the permanent stabilization of the coal-mining industry. The railroads, the great power companies, the banking interests who control our industries, those interests who thrive upon vicious cutthroat competition, those interests who have temporarily profited by starving the men, women, and little children of the mines, oppose with all their power and influence Government regulation in the bituminous coal mining industry.

Nonunion coal operators, largely responsible for the present bankrupt condition of the mining industry and the starving of the miners and their families, are opposed to Federal regulation of the bituminous coal industry due primarily to the fact that if the Davis-Kelly bill is enacted into law by the Congress of the United States the public policy of our country, which gives the miners the right to organize and bargain collectively through representatives of their own union, will be put in effect. Against this power of the financial interests are the happiness of and well-being of millions of our citizens who are directly affected as part of this great basic industry. These human beings whose very life is at stake are praying for the passage of the Davis-Kelly bill that will stabilize the industry.

Gentlemen, relief measures are necessary in this emergency, but as far as the coal miners, the coal operators, the business and the professional men in the coal-mining communities, the Davis-Kelly bill offers a permanent solution. We can not wait until the entire industry is bankrupt; action must be taken now. Just as surely as we are sitting here to-day Federal regulation of the bituminous coal industry is inevitable—now is the time to act; as the days go on conditions are becoming worse and worse and the problems will multiply. This is a new day industry—old methods must be scrapped. The principles upon which our American Government is founded are the happiness and well-being of its people. Therefore, in conclusion, we ask you with all the earnestness we possess, with a desire to see our country and its people prosper, to enact these emergency relief

measures now, and also to enact the Davis-Kelly bill as a permanent measure to stabilize the bituminous coal-mining industry of our country.

The CHAIRMAN. Have you any figures on the number of persons who are in need of relief in West Virginia?

Mr. BITTNER. I have not any direct figures except those figures I have read from Harrison County and the proportion or percentage of that county will apply practically in every other coal-mining community in the State.

The CHAIRMAN. What resources are available in these communities to meet this relief burden?

Mr. BITTNER. Well, you have your local relief organizations, community chest funds, and so forth; the Red Cross is distributing flour and clothing and the various counties have borrowed from the Reconstruction Finance Corporation and they are putting men to work on roads getting about five days per month when they divide up the work with all the men who are unemployed.

The CHAIRMAN. What happens in these small communities when the mines are shut down?

Mr. BITTNER. Well, the same relief organizations, to a certain extent, take care of some of them. But you can understand in these isolated mining communities, there are no community chests. There is not any local relief organization and therefore there is no organized charity there to take up even the question of getting Government flour or clothing distributed by the Red Cross and work for the men who are unemployed through the Reconstruction Finance Corporation due to the fact of the unorganized conditions of the community, and I say to you, Senator, God only knows how those people get along.

The CHAIRMAN. Have you been in any of those communities?

Mr. BITTNER. I have been in all of them in northern West Virginia and quite a number of them in southern West Virginia.

The CHAIRMAN. Do the people continue to live on in the company houses when the mines shut down in these isolated communities?

Mr. BITTNER. In a general way, yes. There are instances where they are compelled to move out of the company houses.

The CHAIRMAN. Is there any tendency on their part to move to other communities, or do they tend to stay on in the places where the mines are shut down?

Mr. BITTNER. They are compelled to stay on when the mines are shut down because there is no place to go to find work. They have no money to move; they have simply to tramp around and they have tramped around so much that they have decided that the best thing to do is to stay when the mines are shut down and hope for work.

The CHAIRMAN. Are they given credit by the company stores, or how do those families obtain food?

Mr. BITTNER. In some instances they are extended credit from the company stores but not many. As I say, our organization helps them as best they can, which is not very much, because the mines of the country are not operated. Of course the Government distributing this flour has helped as far as the flour situation is concerned, but I have known hundreds of families in the last three months and prior to that time—but since the Government flour has been distributed—that have not a thing to eat three times a day, or whenever they do eat, but just this flour and water baked up as best they can.

The CHAIRMAN. Is this situation producing malnutrition among the children?

Mr. BITTNER. There is no doubt about that. In the Scotts Run field of Monongahela County we have one school there with miners' children attending the school. Out of 51 pupils in the primary grades the teacher told me herself she was compelled to send 28 home because they had had no food and just could not study.

The CHAIRMAN. Thank you very much, Mr. Bittner.

STATEMENT OF C. C. CARSTENS, EXECUTIVE DIRECTOR OF THE CHILD WELFARE LEAGUE OF AMERICA, NEW YORK CITY, N. Y.

The CHAIRMAN. Mr. Carstens, will you give, please, your name, address, and present position to the reporter for the record?

Mr. CARSTENS. C. C. Carstens, 130 East Twenty-second Street, New York, executive director of the Child Welfare League of America.

The CHAIRMAN. You are one of the witnesses, Mr. Carstens, who appeared before the committee a little over a year ago when we were considering unemployment relief legislation?

Mr. CARSTENS. Yes, sir.

The CHAIRMAN. The committee will be grateful to you for any additional information you can give us, including comparisons between the conditions that existed at the time you testified before and conditions to-day.

Mr. CARSTENS. I have some data that bear upon your request. I have detailed reports from the various members of the Child Welfare League of America, an organization of about 150 member organizations.

The CHAIRMAN. Are those members pretty well distributed over the country?

Mr. CARSTENS. They are distributed from Maine to California and from Wisconsin to Louisiana, and they are large and small. My data, as far as the members of children under care goes, is of July 1, 1932, compared with the previous figures which were given you about a year ago, and there are some additional data which bear upon the situation between July 1 and the 1st of January, 1933. The reports represent about one-fifth of all the children under care in the United States away from home in either foster-home agencies or institutions, public and private. Most of the large child-placing organizations are included, public and private, and some of the larger institutions.

When I testified before your committee a year ago as to the figures January 1, 1932, our facts indicated that there was a very substantial increase, namely, about 39 per cent, in the number of children in care of those agencies, as over 1931. Since that time there has come a very substantial change.

Our facts now indicate that this increase has been very much reduced. The increase is only about 5 per cent over what it was January 1, 1932. Of course, some people would come to the conclusion that that meant a return of good times, but I need not discuss that with you. There is another explanation. Its explanation is much more in the direction of exhaustion or reduction of resources and it is that subject that I want briefly to discuss.

The following is based on a gathering together of data from 145 different organizations having one-fifth of all the children under care.

It is interesting to find that nine of those agencies reported that they had ceased to take any more children into care; that 57 were discouraging the reception of children in every way they could and that these 62 agencies reported that they had actually turned down about 1,700 children. That is, of course, a minimum. In other words, they remembered having turned down that number, but the number was doubtless larger.

Fifty-three of those agencies said that the lack of family relief was throwing additional loads upon them—making heavier demands upon them—demands which they could not at the present time meet.

You will remember that these organizations are big and little, one having as many as 6,900 children in care, so that it is not any small number that I am referring to, the total number amounting to 75,000 children—71 of these organizations had to curtail their services to children in the following ways: They were no longer able to give them as good medical or dental services as before, or the children's allowance of 5 or 10 cents a week, so that the youngsters might have just a little bit of pocket money which is now quite customary with dependent children as well as your children and my children—had to be done away with. Membership in clubs is no longer possible. Scout troops are no longer being organized, because they could not find the money to meet the expenses; opportunities for higher education of the youngsters could no longer be provided—

Senator WHEELER. You are speaking of welfare organizations?

Mr. CARSTENS. I am speaking of public and private children's organizations which are taking care of dependent children where the families have been broken up. You will understand, gentlemen, that child-welfare work no longer deals to any large extent with adoptions, important as that is in certain instances. The run of dependent, neglected, and early delinquent children have parents and, if they are not properly cared for, become the problems that the community has to deal with later, as delinquents and criminals. I am not claiming they all do. Of course, we know they all do not, but the number who do is alarmingly large.

Seventy-nine agencies had boys and girls returned to them that had been placed out in homes because they contributed something to the family's exchequer from their earnings. There was no more work and they were thrown back onto these agencies. The agencies had to take them back and therefore could not receive other children into care. Or these children could not pay board any longer from their own earnings; 1,978 children were reported held in care ready to go out into the world, but with no work to go to.

Now, that seems perhaps only to bear upon unemployment, but not wholly so, because it means if they occupy 2,000 beds, other dependent children can not be received, since the resources of all these agencies are very limited. They stand in the way of others that need to be taken in but could not be because of the limited resources.

Ten organizations will no longer be able to provide for colored as well as white children. The colored children inevitably get the shorter end of the bargain under these circumstances.

As to the more difficult children—physical, mental, and conduct problems—naturally these would be the last ones to be accepted into care if a choice had to be made.

You may be interested to learn of the financial shrinkage of the 145 organizations which are well standardized, because we do not receive them into membership until they have been well standardized.

First, in regard to community funds: The community funds failed to get their budgets by margins varying from zero to 50 per cent.

The CHAIRMAN. That is, compared with last year?

Mr. CARSTENS. Compared with this year's goals, which were lower than last year's goals. They set them lower because they were pretty sure they could not get as much as last year. On an average 80 per cent of goals have been attained this fall.

The private contributions on which these organizations depend have been reduced.

The CHAIRMAN. When you say private contributions you mean as distinguished from community chest drives?

Mr. CARSTENS. As distinguished from community chest drives. Many of these agencies that I am speaking of cover cities or communities where there is no community chest; some are state-wide in their reach. Those contributions have been decreased from 1 to 94 per cent. I am giving you the lowest and the highest decrease. A 50 per cent decrease of contributions was a very common figure reported.

Senator CUTTING. Is that about the average?

Mr. CARSTENS. The average would be lower than that. The average would be probably about 33 per cent.

The endowment earnings have naturally been decreased. Their average endowment earning is probably 20 per cent lower, but it varied, running from 1 up to 46 per cent.

The board payments: Many of the children are being paid for in part by an uncle or an aunt or some agency and their board payments have been very much reduced. The percentages averaged about 66; 50 per cent was very common. The highest reduction was 90 per cent.

Public subsidies: There were increases in the public subsidies as well as decreases, but the decreases outnumbered the increases and the decreases were from one-half of 1 per cent to 80 per cent.

Evidently the resources that are available, and particularly the loading of the responsibility for the care of these children upon the public support, has been really a failure. The public agencies have not been able to increase their already inadequate funds and many children are adrift, as we very well know. Many have been refused and are living under very serious conditions.

The emergency relief funds in various communities have helped the agencies to some extent. The amount reported by these 145 agencies is not large—\$198,000—which is wholly inadequate to meet the needs.

It is rather interesting to find that in cities like New York, Philadelphia, Chicago, Baltimore, San Francisco, and others, the public support coming to those private agencies has been exhausted to a considerable extent. We have a report from 41 agencies that are suffering because the public is not paying them what is owing to these private agencies to take care of children more or less under contract and the total reported as in arrears from public funds to private agencies was \$1,022,853. The amount has increased since that was

reported, and that does not include any figures in regard to Chicago where the same situation obtains.

Twenty-three agencies, to meet this situation, have borrowed money on their own credit, for many of them have well-established credit positions in their communities, or have borrowed upon the credit of individual members of the board of trustees. They had borrowed, on the 1st of July, 1932, \$250,000 and in 1932 had dipped into their unrestricted capital funds, which although permitted legally, is an unusual thing to do, to the extent of \$175,000.

Senator WHEELER. What do you mean by their capital funds?

Mr. CARSTENS. A great many of the children's institutions have endowments, and instead of merely using their income, have actually used unrestricted capital funds of their endowments that have been left them by the dead and living—usually by the dead—only the interest of which is usually used although it is permitted to use the principal when the funds have been given in an unrestricted way.

Now various economies, of course, have been practiced, as they ought to be. It is interesting to find that these organizations, in spite of having more children to care for, decreased their budgets one way or another. Fifty-five decreased their budgets in 1932 and said they expected to decrease their budgets still further in 1933.

We are just now sending out requests to the agencies for the facts in regard to January 1, 1933, and those facts will become available a little later. We have been doing that for six months at a time on certain dates, so as to make comparisons.

The rate of board has been decreased as it might be in 85 agencies, with a lower standard of prices. Salaries have been reduced in 82 agencies, as they might be.

I am merely pointing out that those measures have been taken that it was perfectly reasonable to take.

They have reduced their vacation periods and their sick leave privileges and their pensions.

Now, it seems to me, out of these facts certain conclusions might come. In the first place, the relationship of care of these 350,000 children has a very definite, close relationship to the whole problem of relief. It is a part of the relief problem, when, as is the case in a great many different cities, relief has been inadequate and the fathers or mothers are no longer able to care for their children, the natural thing is to turn to a child-placing agency or an institution into which to place the child. That is generally the last resort, because in a well-managed institution they do not usually receive children upon the request of an individual. It is pretty generally looked into, to discover whether the resources of the individual are able to take care of the child or the resources of relatives will do it.

But the number of dependent children has been increased, although it is true a slowing up has come in the increase.

Thousands of children are being refused care—I refer now specifically to the 1,700 that was reported, but the total number must be considerably larger—because neither the private nor public agencies are in a position to give them care.

The load has been fairly definitely shifted over to the public support whenever possible, but that shift has not become very adequate to take care of these dependent children.

It is our estimate that children under private as well as under public auspices, are being paid for to the extent of 75 per cent from public funds.

The conclusion that we have come to is that a more flexible relief program is needed and should be devised, so that the children's agencies, public and private, may also have an opportunity to share, as far as needed, in the program of Federal relief enabling them in a more definite way, to carry the load.

The number of children that are left not properly cared for in the community is hard to estimate, but that they are there is very clear. Those that have been refused, for instance, are there and probably a great many that have been discouraged from being reported at all. If we do not take care of this group that is getting very poor care at the present time, and allow them to drift, as is now happening, the problem of their care will come back to us to plague us by and by in some measure as delinquents and later on as criminals. I believe that the facts pretty clearly indicate that the resources are now so limited, public and private, that help is needed.

The CHAIRMAN. Are you familiar with the problem of these transient youths about which we have heard something?

Mr. CARSTENS. Yes; somewhat familiar. The data are very hard to get at, Mr. Chairman, but I happen to be connected with a committee that is interesting itself in regard to transients.

The CHAIRMAN. What can you tell us about it?

Mr. CARSTENS. Well, the young transient group is variously estimated from 200,000 up to a million. I do not believe anyone knows what the number is.

Senator CUTTING. You are talking of children now?

Mr. CARSTENS. Yes, sir; quite so. I think it is somewhere in between. I would not dare to say it is the larger figure. They are drifting from place to place mostly in the southern section of the country in the wintertime inevitably so, but they can be found in the North as well.

I was discussing the matter with a gentleman from Madison, Wis., only two days ago who said that they had boys between 16 and 21 coming in at the rate of three a day, who were drifting into their temporary shelter for transients. That does not seem like a large number, but three on an average per day, which was his estimate, for all the various cities—and that in a northern city where the climate discourages much drift—is a pretty definite indication of the drift that is going on.

The problem is much more serious in the Southwest and in the South—Florida, Georgia, and particularly in Louisiana. Efforts are being made to stabilize the group somewhat in Florida. It is particularly serious in Louisiana and in the Southwest—particularly in Los Angeles where they are trying to develop some measures for stabilization and care.

Our committee has received a small sum of money, about \$10,000, to be used in an attempt to stabilize the groups in certain centers, and for taking care of them where they are.

Now, a great many of these have been adrift for quite awhile and it is hard to get them back to where they belong. It is going to be increasingly considered a problem that can not be handled by the local committee from its own funds. These communities must get

encouragement from some special funds definitely allowed for the purpose.

Senator CUTTING. Do you not think that is the obligation of the Federal Government?

Mr. CARSTENS. I think it is an obligation of the Federal Government, because I do not think it is going to be naturally assumed by the local community. The habit of sending them on is a pretty well established habit, and since they do not, in most instances, belong where they are, there will be great temptation, with the limited resources that the local community has, to send them on. I hope some measure will be taken to localize them. Our committee is helping. However, that is a drop in the bucket, of course. We are, however, putting two people in the field. The National Committee on Homeless Transients, affiliated closely with the National Association of Travelers Aid Societies, is attempting to develop a program, because it is not merely a matter of caring for them overnight; they must have something in the way of education and recreation that will hold them in the community and keep them from further drifting.

Senator CUTTING. Is there a direct connection between the increase in the number of transients and the decrease in the budgets of the organizations you mentioned a little while ago?

Mr. CARSTENS. I can not notice much increase from that source. I do not believe that they have been recruited in any large measure from the children in the care of those organizations. Those who have been refused admission might contribute to the number.

Senator CUTTING. That is what I had in mind.

Mr. CARSTENS. It is those that have been refused from which they would be recruited.

Senator CUTTING. You have no figures on that?

Mr. CARSTENS. No; but I think there might be some recruiting from that group.

The CHAIRMAN. Thank you very much, Mr. Carstens.

STATEMENT OF RALPH G. HURLIN, DIRECTOR DEPARTMENT OF STATISTICS, RUSSELL SAGE FOUNDATION, NEW YORK CITY, N. Y.

The CHAIRMAN. Will you please give your full name, address, and present position?

Mr. HURLIN. My name is Ralph G. Hurlin. I am statistician for the Russell Sage Foundation in New York City.

The CHAIRMAN. Mr. Hurlin, a little over a year ago you gave the committee illuminating information. I am sure the committee would be very grateful to you if you could summarize that information and bring it down to date, and give us any other data that you may have in your possession which you may think will assist the committee.

Mr. HURLIN. It was suggested that I should present some of our figures, and so I have prepared several tables containing data growing out of our analysis of relief statistics collected by our own organization, supplemented by data now being collected by the Federal Children's Bureau. We are preparing to publish a detailed monograph containing these data and I shall give you only a brief summary of them.

May I say in introduction that it is my opinion that the La Follette-Costigan bill should be passed and that there is great need for the

adoption of this measure at once, in order that it may be effective in meeting the aggravated relief needs throughout the country during the next two or three months when those needs will be greatest. I hope that the several pieces of information I have here will support those recommendations.

I would like to present first a table which summarizes the relief data which we have assembled for the past four years—data relating to 76 cities.

(The table referred to is printed in full as follows:)

TABLE I.—Relief to families in 76 United States cities having in 1930 a population of 34,474,000, 1929 to 1932

DATA FOR FIRST HALF OF EACH YEAR						
Year	From public funds	From private funds	Total	Per cent from—		Amount per unit of population
				Public funds	Private funds	
1929 (first half).....	\$15,247,387	\$5,056,214	\$20,303,601	75	25	\$0.59
1930 (first half).....	22,344,172	6,544,207	28,888,379	77	23	.84
1931 (first half).....	52,874,764	26,503,726	79,378,490	67	33	2.30
1932 (first half).....	99,705,006	40,871,072	140,576,078	71	29	4.08
DATA FOR FULL YEARS						
1929.....	\$30,942,000	\$9,849,300	\$40,791,300	76	24	\$1.18
1930.....	50,367,900	16,162,200	66,530,100	76	24	1.93
1931.....	112,104,800	48,697,500	160,802,300	70	30	4.66

Mr. HURLIN. These 76 cities have spent for relief to families in 1929, as shown in the lower part of this table, something like \$41,000,000 from public and private funds for actual relief to families. The figures include no expenses for cost of administration.

In 1930, the relief agencies in these cities spent \$66,500,000 for relief.

In 1931 the same agencies spent about \$161,000,000, and in the first half of 1932 (as shown in the last line in the upper half of the table), \$141,500,000.

There was a very rapid rise in the relief expenditures in these cities, and as you will see from the second and third columns, the rise occurs in both public and private relief funds.

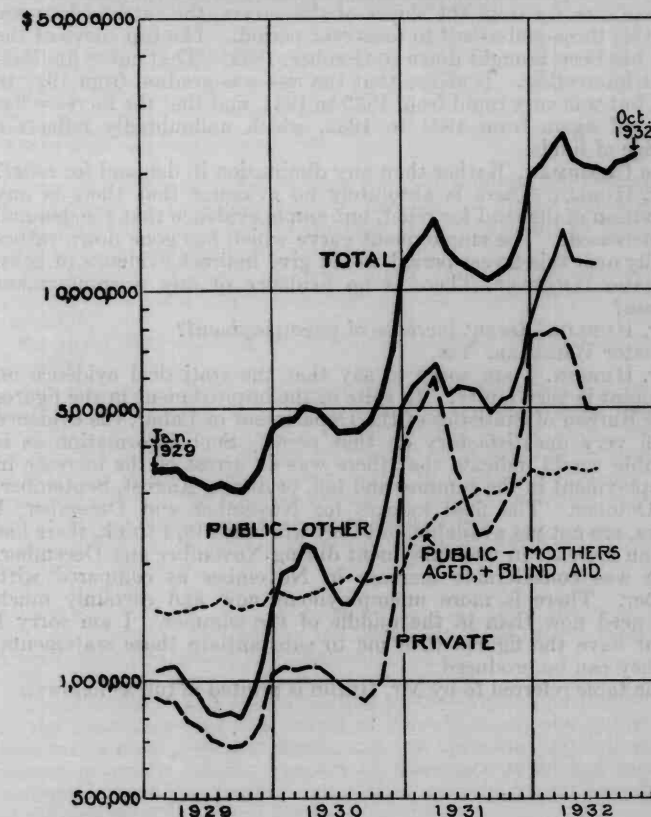
The upper part of this table relates only to the first half of each year, so that you there have figures on a comparable basis from 1929 to 1932. Taking the population of these cities as about thirty-four and one-half million, we find that in the first half of 1929 the agencies in those cities, public and private, were spending about 60 cents—to be exact—59 cents per capita for relief. In the first half of 1932 they were spending nearly seven times that or \$4.08 per capita, for relief. I want to skip the figures on the division of these funds between public and private agencies for a moment, but will come back to them.

The second table which I would like to introduce shows the division of the funds by type of relief. The figures which I am presenting include all the relief to families in their homes, including what we have termed "pension" relief or "special allowance" relief in addi-

tion to general dependency aid, which term would include all kinds of unemployment relief, including work relief as well as direct relief. Table II concerns only the relief given in the first half of 1932. It shows that the \$141,500,000 for that half year represented a 77 per cent increase over the first half of 1931 in these 76 cities. The table gives a breakdown of this relief by category.

Beginning at the bottom of the table, 70.9 per cent of the total was from public funds and 29.1 per cent from private funds. The

RELIEF EXPENDITURES OF PUBLIC AND PRIVATE AGENCIES IN 76 UNITED STATES CITIES, JANUARY, 1929, TO OCTOBER, 1932



public relief needs to be divided further, because a considerable proportion is for the "pension" type of relief to which these bills do not relate. Relief to the aged, to mothers, and the blind in this group of 76 cities represented 14.7 per cent of the total. Other public relief, including the general unemployment relief, work relief and veterans' relief, represented 56.2 per cent of the total.

You will find still further subdivision by type of relief at the top of the table if you are interested in those figures. You will notice in the last column that while old-age relief has increased rapidly, it is public-work relief which has increased most rapidly—185 per cent over the corresponding half of 1931. Public general relief increased 94 per cent and public veterans' relief increased 87 per cent. This veterans' relief, it should be noted, is primarily employment relief. The private work relief increased very little. Other private relief increased 82 per cent.

I have put three of these groups of relief into the accompanying chart, which shows on a ratio scale, so that you can compare rates of increase directly from the slopes of the curves, the rates of increase over this three-and-a-half to four-year period. The top curve of the chart has been brought down to October, 1932. That curve [indicating] is interesting. It shows that the rise was gradual from 1929 to 1930, but was very rapid from 1930 to 1931, and that the increase has fallen off again from 1931 to 1932, which undoubtedly reflects a shortage of funds.

The CHAIRMAN. Rather than any diminution in demand for relief? Mr. HURLIN. There is absolutely no evidence that there is any diminution of demand for relief, but ample evidence that the demand has increased. The employment curve which has gone down rather steadily over this 4-year period would give indirect evidence of that.

Senator WHEELER. There is no evidence of any unemployment increase?

Mr. HURLIN. Recent increase of unemployment?

Senator WHEELER. Yes.

Mr. HURLIN. I am sorry to say that the statistical evidence on that point is very faulty. In spite of the improvement in the figures of the Bureau of Statistics of the Department of Labor, the evidence is still very unsatisfactory on that point. Such information as is available would indicate that there was an arrest of the increase in unemployment in the summer and fall, or during August, September, and October. The final indexes for November and December, I believe, are not yet available, but they will indicate, I think, there has been an increase in unemployment during November and December. There was considerable increase in November as compared with October. There is more unemployment now and certainly much more need now than in the middle of the summer. I am sorry I do not have the figures with me to substantiate those statements, but they can be produced.

(The table referred to by Mr. Hurlin is printed in full as follows:)

TABLE II.—Relief to families in 76 United States cities in first half of 1932 by type of relief

Type of relief	Relief expenditures first half 1932	Per cent of total	Per cent increase first half 1929 to first half 1932	Per cent increase first half 1931 to first half 1932
Public work relief.....	\$23,436,604	16.7	(¹)	185
Public general relief.....	49,631,520	35.3	884	94
Public veterans' relief.....	6,009,444	4.3	436	87
Public old-age aid.....	7,069,742	5.0	(²)	72
Public mothers' aid.....	12,648,819	9.0	48	16
Public blind aid.....	908,877	.6	68	13
Private work relief.....	10,262,329	7.3	(¹)	6
Other private relief.....	30,608,743	21.8	506	82
Total public and private.....	140,576,078	100.0	692	77
Public work, general, and veterans' relief.....	79,077,568	56.2	1,182	114
Public aged, mothers', and blind relief.....	20,627,438	14.7	127	30
Total public relief.....	99,705,006	70.9	554	89
Total private relief.....	40,871,072	29.1	708	54

¹ Percentage omitted because amount of work relief in first half of 1929 was insignificant.

² No old age aid was granted in first half of 1929.

Senator CUTTING. I notice that, notwithstanding the lessening of the increase in unemployment in the middle of the summer, the figures for the second half of the year show you spent as much or a little more for unemployment relief.

Mr. HURLIN. Yes, sir; the first half of the year has accounted for just about one-half the expenditure for the three years 1929, 1930, and 1931.

Senator CUTTING. Will that apply for 1932 as well as the previous years?

Mr. HURLIN. I think it will, or else the second half will be more than the first half in 1932. The curve of unemployment has been increasing, so there has been a bigger volume of the unemployed to be relieved in the last half of each year. The relief organization, it is true, lets down in the summer partly in response to lesser need in warm weather. The increase in relief is then not resumed until, well on in the fall, insistent demand makes itself felt.

Senator CUTTING. But it seems to point up very rapidly toward the end of the year.

Mr. HURLIN. Yes, sir.

Senator CUTTING. So, if the figures for 1932 show the same trend, the figures for the 76 cities on the first table should reach somewhere around \$280,000,000 or \$290,000,000?

Mr. HURLIN. Yes, sir; or even \$300,000,000.

I would like to call your attention to the three subordinate curves in the chart, showing the course of private relief, the public relief that meets unemployment needs, and the "pension" or "allowance" classes of public relief. Pension or allowance relief has increased materially over this period, due almost entirely to the introduction of old-age relief in several States.

The CHAIRMAN. It seems to be a much more gradual curve than the others.

Mr. HURLIN. Yes, sir; in spite of the introduction of old-age relief. The other two curves represent the effort to meet unemployment

needs and they both show the typical seasonal change of emergency relief. They also show very considerable similarity in the underlying trend; that is, both public and private unemployment relief has increased rapidly over this period.

It is an interesting point that the increase of the public relief has been very consistent over the 4-year period. You can almost draw a straight line through the red curve (public—other) showing that there is a constant tendency for that type of relief to increase. Private relief, on the other hand, shot up much more rapidly than public relief when the emergency was first realized at the end of 1930. The private agencies and committees came into the breach first and supplied emergency funds very liberally in the winter of 1930-31. In the winter of 1931-32 the increase in private relief was not so great as the increase in public relief. Thus, the underlying trend of private relief is not so constant as that of public relief.

Unfortunately, we have not extended the subordinate curves through to October, but were we able to do so, we would probably see the red curve—the “Public—other” curve—continuing its upward trend and the private curve very definitely falling off. Miss Winslow's testimony before this committee on Tuesday afternoon would substantiate that point, I assume.

There is no question whatever but that private relief funds are much harder to raise now than they were a year ago and very much harder than two years ago. There appears to be a very definite limit on the ability of private committees and community chests to get hold of the needed money. I am not prepared to say that the money is not there to get hold of, but certainly the machinery is not available to bring out the money in this present winter, and within the next two or three months and certainly for the rest of 1933 much greater dependence will have to be placed on public funds than in the past if even present standards of meeting the needs, which are by no means adequate, are maintained.

I should like now to refer to the figures showing the source of funds in various years, and in order to bring 1932 into the picture, I will refer only to the figures in the upper half of Table I.

In the first half of 1929, our figures show 75 per cent of the total relief expenditures coming from public funds and 25 per cent from private funds. In the first half of 1930, public funds represented 77 per cent of the total; in the first half of 1931—this was when private funds had come in so strongly, as the emergency was first really appreciated—public funds represented only 67 per cent of the total.

In the first half of 1932 private funds fell off and public funds became 71 per cent of the total. The Children's Bureau figures show beyond any question that in the last half of 1932 public funds in these cities will represent a very large percentage of the total—perhaps 80 to 85 per cent of the total for the last half of 1932. In other words, these carefully compiled and, relatively speaking, very accurate statistics give evidence of increasing dependence on public funds.

To show how little we should rely on the voluntary movements to supply the needed relief funds this winter, I would like to quote some material made public by the Association of Community Chests and Councils concerning the funds of community chests.

The CHAIRMAN. I will be glad to have you do that.

Mr. HURLIN. In the bulletin of the Association of Community Chests and Councils for January, 1932, a table was presented giving evidence for 138 chests. This is not the complete number of community chests, but of those which had campaigns during the fall of 1931 to raise money for the year 1932. This statement shows that for 1932 these 138 chests increased their budgets 24 per cent; that is, raised 24 per cent more for all purposes for the year 1932 than for the year 1931.

The latest figures which have been made public by the association covering the campaigns of this past fall, are included in a statement dated December 23, 1932. They show that 152 chests have raised for 1933 a total of \$36,000,000, although the amount is not important; but this amount is only 77 per cent of the amount raised for 1932; that is, the 1933 funds raised by these particular chests fell short of the amount for the previous year by 23 per cent. They also fell short of the goals by something over 15 per cent, which indicates that the chests are not finding it easy to raise money for the coming year.

I would like also to introduce a statement concerning the proportions of chest funds which are available for relief purposes. In my testimony last year this question was asked me and I ventured the statement that something between 10 and 25 per cent of the chest funds went for relief. Figures have since been published by the Association of Community Chests which show, for the group of 138 chests mentioned a moment ago, that in 1931, 28 per cent of the total chest budget went to relief agencies. That includes both relief and administration, and assuming that administration and other services in 1931 cost about 30 per cent of the total expenditures of relief agencies, which I think is probably a fair figure, it would mean that about 20 per cent of the total chest budget went to relief.

In 1932 the figures show that of the total budgets 35.5 per cent went to relief agencies, and assuming a somewhat less proportion for administration, which I think would hold in 1932, I estimate that about 25 per cent of the total budgets of these chests would represent actual relief disbursements. So, with community chest funds falling off 23 per cent and only about 25 per cent of the community chest funds going to relief, it is apparent that funds from chest sources can not be relied on heavily for the increased needs of 1933.

These figures do not represent the emergency committees, but I think the testimony is clear that the emergency committees are finding it very difficult to raise the amounts which they have set as their goals for this present winter.

The CHAIRMAN. Do your data indicate that in considering this problem of unemployment relief, we must face the fact that the longer the depression continues, more and more the burden of unemployment relief must be assumed by public funds?

Mr. HURLIN. I think that is absolutely the case, Senator. Certainly the statistical evidence for 1932 as compared with 1931 would amply bear that statement out.

I have another table here which is intended to support the supposition that, as at present administered, relief is extremely uneven throughout the country.

The CHAIRMAN. By uneven, you mean the standards vary greatly?

Mr. HURLIN. Yes; both as to the number of those who get it and the extent of the aid they get.

This third table shows, for a group of the larger cities in the United States, amounts spent in the first half of 1932, the population of the city, and in the last column the amount of relief per capita of population.

The CHAIRMAN. Per capita of total population?

Mr. HURLIN. It is true that this does not relate the relief expenditures to needs, for which there is no comparative statistical evidence in any group of cities as far as I know.

The CHAIRMAN. In other words, the figure of \$8.93 per capita for Boston does not indicate that that is the amount received per person?

Mr. HURLIN. No; not per person in need.

The CHAIRMAN. It means that that is the amount expended for relief?

Mr. HURLIN. Divided by the population of the city. It is not a satisfactory way of relating relief to need, but there probably is much more uniformity in the need for relief throughout the country than is generally realized. Mr. Hopkins, in his testimony yesterday, I think, advanced the supposition that the needs in New York State were probably not very different from the needs in the rest of the country, and I believe that if any careful attempts were made to determine what the actual needs are, we would find much more uniformity than generally supposed.

The CHAIRMAN. It is a fair deduction to make from the table that the varying amounts per capita of relief expenditures is a clear indication of a wide divergence in the amount of relief provided to those in need in the various communities?

Mr. HURLIN. That is absolutely the case, I think, and that is the reason for introducing the table, to show that different communities are providing relief funds in very different proportions, therefore making possible very different satisfaction of needs in the different cities.

I have divided the cities by geographical divisions in order to bring out the very great diversity in the various sections of the country. The New England and Middle Atlantic States are, in general, giving much more adequate relief than cities in other parts of the country. New York cities are consistently high.

Boston stands out with the highest rate in the list, but in connection with that figure it must be pointed out that Boston is the dense core of a metropolitan area and has much greater relief needs than surrounding cities. The density of Boston would be much greater than most of the other cities in this list.

Wilmington stands out as another city having a relatively high relief rate, \$7.42. That is evidently due to the fact that in Wilmington a very large work-relief project has been in operation during this period. Milwaukee is a city which is spending at a relatively high rate for its section of the country.

In connection with this table, I would like to read into the record the fact that these rates are computed for the area which the relief expenditures are presumed to represent, in some cases the city proper and in some cases an area wider than the city. I think, Senator, it is not necessary to read all these rates.

The CHAIRMAN. No. I think, however, it should be incorporated in the record.

(The table referred to is printed in full as follows:)

TABLE III.—Ratio of relief expenditures in first half of 1932 to population, leading United States cities, by geographic divisions

Geographical division and city ¹	Relief expenditures first half 1932	Population	Amount per capita
New England:			
Boston (city).....	\$6,977,896	781,188	\$8.93
Cambridge (city).....	641,778	113,643	5.65
Fall River (city).....	655,687	115,274	5.69
New Bedford (city).....	571,736	112,597	5.08
Springfield (area).....	955,042	171,021	5.58
Worcester (city).....	1,168,735	195,311	5.98
Providence (city).....	943,315	252,981	3.73
Bridgeport (area).....	872,126	183,146	4.76
Hartford (area).....	1,102,565	229,759	4.80
New Haven (city).....	709,054	162,655	4.36
Middle Atlantic:			
Albany (city).....	425,362	127,412	3.34
Buffalo (area).....	5,572,358	746,546	7.46
New York (city).....	40,856,033	6,930,446	5.90
Rochester (city).....	2,569,064	328,132	7.83
Syracuse (city).....	1,498,016	209,326	7.16
Yonkers (city).....	905,710	134,646	6.73
Erie (city).....	405,012	115,967	3.49
Philadelphia (city).....	6,908,894	1,950,961	3.54
Pittsburgh (county).....	4,138,408	1,374,410	3.01
Reading (county).....	647,944	231,717	2.80
Seranton (city).....	296,048	143,433	2.06
East North Central:			
Akron (area).....	507,683	281,274	1.80
Canton (area).....	872,913	114,054	3.27
Cincinnati (county).....	1,949,811	589,356	3.14
Cleveland (area).....	3,082,092	1,164,784	2.65
Columbus (city).....	730,059	290,564	2.48
Dayton (area).....	489,518	240,940	2.03
Toledo (city).....	710,276	290,718	2.44
Indianapolis (city).....	978,660	364,161	2.69
Chicago (city).....	15,265,005	3,376,438	4.52
Detroit (area).....	5,996,873	1,698,390	3.53
Flint (city).....	372,224	156,492	2.38
Grand Rapids (area).....	731,078	208,534	3.51
Milwaukee (county).....	4,666,786	725,263	6.43
West North Central:			
Duluth (city).....	414,583	101,463	4.06
Minneapolis (city).....	1,500,557	464,356	3.23
St. Paul (area).....	621,115	286,721	2.17
Kansas City, Mo. (city).....	1,999,571	399,746	4.98
St. Louis (city).....	1,487,808	821,960	1.81
Omaha (city).....	287,117	214,006	1.11
Kansas City, Kans. (city).....	76,833	121,857	.63
South Atlantic:			
Wilmington (city).....	791,086	106,597	7.42
Baltimore (city).....	1,841,188	804,874	2.31
Washington (city).....	640,454	486,869	1.32
Norfolk (city).....	50,466	129,710	.39
Richmond (area).....	177,511	239,288	.74
Atlanta (city).....	338,524	270,366	1.25
Jacksonville (county).....	52,268	155,503	.34
Louisville (city).....	306,747	307,745	1.19
Memphis (city).....	67,151	253,143	.27
Nashville (city).....	65,670	153,866	.43
Birmingham (area).....	471,732	362,071	1.30
West South Central:			
New Orleans (area).....	348,255	492,757	.71
Tulsa (city).....	125,907	141,258	.89
Dallas (city).....	293,510	260,475	1.13
El Paso (city).....	85,670	102,421	.84
Fort Worth (city).....	97,356	163,447	.60
Houston (city).....	128,996	262,352	.44
San Antonio (city).....	68,653	231,542	.30
Mountain:			
Denver (city).....	666,502	287,861	2.32
Seattle (city).....	939,493	365,563	2.57
Portland (county).....	1,861,289	338,241	4.02
Los Angeles (county).....	4,193,179	2,208,492	1.90
Oakland (city).....	1,027,928	284,063	3.62
San Diego (county).....	487,056	209,659	2.32

¹ For some cities relief reported covers a wider area than the city proper. The ratios in this table have been computed by use of the 1930 population figures for the areas believed to be most nearly represented by the relief figures. The parenthesis following the name of city indicates the area to which the figures are assumed to apply, the term "county" meaning the entire county in which the city is located, and the term "area" meaning that some districts outside the city proper are included but not the entire county. The variation in density of the cities or areas explains in some degree the variation in the rates shown.

Mr. HURLIN. It might be commented in connection with these rates that the southern cities usually show a conspicuously low rate of relief—many of them not over a dollar for this period.

The CHAIRMAN. Some as low as 27 cents.

Mr. HURLIN. Almost ridiculously low figures. Of course, they do not need quite so high relief standards because there is not the same necessity for clothing, fuel, and so forth, but in that connection I would like to point out that even in northern cities, the clothing and fuel items of relief budgets are in general relatively small. For New York State the figures of the temporary relief administration are available. They show that for home relief from June to October, 1932, light, fuel, and clothing represented only 4.6 per cent of the total budget, although in November with colder weather the proportion advanced materially except in New York City.

The CHAIRMAN. Some of the cities, however, certainly could hardly be said to be in climates where fuel is not an important item.

Mr. HURLIN. No; that is perfectly true—even among the southern cities.

The CHAIRMAN. That would seem to indicate that the resources in those communities are woefully inadequate.

Mr. HURLIN. I think that in general in the cities which show on this table low relief per capita, there is extremely inadequate provision of relief funds.

In further support of the idea that there is great unevenness in the extent to which relief has been made available, I would like to present a table, compiled from figures published in the newspapers, showing the Reconstruction Finance Corporation's relief loans to States. These figures are assumed to be complete through December 31. They are not, however, the official figures.

The CHAIRMAN. December, 1931?

Mr. HURLIN. December 31, 1932.

In any publication of these figures which I have so far seen, the data have been presented by States in an alphabetical list, which does not bring out the extreme lack of uniformity in the extent to which the Federal relief funds have been made available.

This table presents these data in comparison with the population of the States and in order of the size of the States. You will see that several States have so far received no relief funds. Some of those, like New York, have had State funds appropriated; other States have so far had no assistance rendered to the local communities in meeting relief needs.

The table, it seems to me, gives evidence that the policy which has so far been followed by the R. F. C. has not been directed toward meeting the existing needs, but has been merely to satisfy the requirements of the existing law, in giving relief, when requested, provided certain financial conditions have been met. It seems to me that in view of the evidence which is available concerning the extreme needs at the present time and the shortage of local funds, it is of the utmost necessity that this law be changed as soon as possible, so that a new policy may be adopted which will place at the disposal of States liberal relief funds.

The CHAIRMAN. That table may also be incorporated in your testimony.

(The table referred to is printed in full as follows:)

TABLE IV.—Reconstruction Finance Corporation relief loans through December 31, 1932

States (in order of size)	Population, 1930	Reconstruction Finance Corporation relief loans to States to Dec. 31
New York.....	12,688,086	.....
Pennsylvania.....	9,631,360	\$12,835,538
Illinois.....	7,630,654	25,238,228
Ohio.....	6,646,697	8,248,753
Texas.....	5,824,715	1,569,301
California.....	5,677,251	.....
Michigan.....	4,842,325	6,479,283
Massachusetts.....	4,249,614	.....
New Jersey.....	4,041,334	.....
Missouri.....	3,629,367	1,158,118
Indiana.....	3,238,503	1,775,404
North Carolina.....	3,170,276	1,386,000
Wisconsin.....	2,939,006	8,304,770
Georgia.....	2,908,506	486,084
Alabama.....	2,646,248	528,704
Tennessee.....	2,616,556	789,036
Kentucky.....	2,614,589	2,552,458
Minnesota.....	2,603,953	1,351,843
Iowa.....	2,470,939	87,800
Virginia.....	2,421,851	1,490,887
Oklahoma.....	2,396,040	2,178,308
Louisiana.....	2,101,593	4,751,333
Mississippi.....	2,009,821	892,300
Kansas.....	1,890,999	1,805,995
Arkansas.....	1,854,482	2,743,708
South Carolina.....	1,738,765	135,200
West Virginia.....	1,729,206	2,170,174
Maryland.....	1,631,526	.....
Connecticut.....	1,606,903	.....
Washington.....	1,563,396	1,628,700
Florida.....	1,468,211	2,668,153
Nebraska.....	1,377,963	.....
Colorado.....	1,035,791	2,201,048
Oregon.....	953,786	238,538
Maine.....	777,423	.....
South Dakota.....	692,849	1,398,995
Rhode Island.....	687,497	.....
North Dakota.....	680,845	100,680
Montana.....	537,606	1,037,438
Utah.....	507,847	1,998,589
District of Columbia.....	486,869	.....
New Hampshire.....	465,293	667,420
Idaho.....	445,032	631,095
Arizona.....	433,573	506,200
New Mexico.....	423,317	99,800
Vermont.....	359,611	.....
Delaware.....	238,380	.....
Wyoming.....	225,565	.....
Nevada.....	91,068	70,967
Hawaii.....	368,336	307,435
Puerto Rico.....	1,643,913	360,000

Mr. HURLIN. In conclusion, I would like to repeat that it seems to me that this bill in its general purpose is admirable and that it should be passed speedily. My personal feeling is that the bill might be strengthened to indicate that the board which is set up should attempt to improve standards of relief and supervise to some extent relief administration in the States which benefit. I also feel it would be very desirable to change the wording of the act to define relief, for the purpose of the act, as including administrative expenses. The present wording seems very definitely to exclude administrative expenses and I am convinced that most of the States which now do not have State relief administrations need encouragement to spend more for administration purposes rather than less.

A final recommendation, which I should like to make with as great emphasis as possible, would be that the Congress should request from the Census Bureau a new census of the relief expenditures, to bring up to date the data that were collected in 1931 for the years 1929 and 1931. That census was by no means complete, but it stands as the most nearly complete nation-wide accounting of relief expenditures we have had. It is now 2 years old and we need now a new country-wide survey. The Census Bureau should by all means cooperate with the Children's Bureau, taking advantage of its organization and contacts in the larger cities, but probably the Census Bureau is the only agency which could economically cover the entire country.

The CHAIRMAN. The committee thanks you, Mr. Hurlin.

**STATEMENT OF CARL H. CHATTERS, EXECUTIVE SECRETARY
MUNICIPAL FINANCE OFFICERS ASSOCIATION, CHICAGO, ILL.**

The CHAIRMAN. Mr. Chatters, will you please give your full name, address, and present position to the reporter for the record?

Mr. CHATTERS. Carl H. Chatters, 850 East Fifty-eighth Street, Chicago, executive director of Municipal Finance Officers Association.

The CHAIRMAN. What is that association?

Mr. CHATTERS. A national organization of public officials representing the financial officers of cities and counties.

The CHAIRMAN. How extensive is that organization?

Mr. CHATTERS. The membership takes in probably 25 or 30 States.

The CHAIRMAN. How many cities?

Mr. CHATTERS. About 200 of the larger cities. It is very representative of the larger cities.

The CHAIRMAN. Are you in possession of information concerning the financial situation that confronts these cities?

Mr. CHATTERS. Yes; I am. I have been gathering statistics for another purpose, but most of them are applicable to this situation, I think.

The CHAIRMAN. Of course they are very pertinent because those who oppose Federal action in meeting this unemployment relief problem have consistently taken the position and reiterated it on every occasion, that this relief problem was a local problem and that the communities could take care of their own. Any information which you have on the general subject of the financial condition of these cities and the problems which confront them, budgetary and otherwise, not only for their normal operating expenses, but also in meeting this staggering burden of unemployment relief, will be very helpful to the committee in getting an accurate picture of the situation that exists in those 200 important communities. So, if you will proceed in your own way to give us the benefit of that information, we will be very grateful to you.

Mr. CHATTERS. Part of the statistics relate not necessarily to the member cities, but relate to 279 cities in 39 States, representing a population of 33,000,000.

The CHAIRMAN. That is a very good cross section.

Mr. CHATTERS. Yes, sir. The purpose originally in getting the figures was to refute the statement that tax levies had been increasing in the last few years and also to find out the measure of local real

estate levies that went for welfare purposes, because we have to recognize that while relief is a local problem, it is paid from the tax from the real estate, and while I hold no brief for the real estate men, because they helped as much as anybody to get us into this situation, still I do not see how we can continue to support relief measures from that narrow tax base. So, we have to find a broader tax base either from the Federal or State Government or probably both.

In the first place, tax delinquency makes it almost impossible for many local communities to take care of local relief. Delinquency in local taxes has been increasing very rapidly just as the need for welfare relief has been increasing.

Now, welfare will take from one-third to one-quarter of the cash available from the local taxes. That is perhaps the first and most significant statement to make. Probably before, in many communities, it took but five per cent of the actual total revenues but now it will take 25 per cent.

In the next place, local communities are too small to take care of their own relief. I will cite several instances with which I am familiar.

In Oakland County, Mich., is a district called Hazel Park, an unincorporated part of the township, with 16,000 people living in it, without sewers or water and with no government except the township government, and without funds—in those conditions, the board of supervisors voted to go back to the plan of township relief—

The CHAIRMAN. Is it adjacent to some industrial center?

Mr. CHATTERS. Adjacent to Detroit. They did that although the 16,000 people had no resources and the township had none. They would put that burden back on the local community. There is no State agency to take care of it, and the only possible hope in that situation is for the Federal Government to step in, which it has already done.

We have another situation somewhat similar in Illinois, in Bureau County, where the old Cherry Mine is located. Their relief is on a township basis. If the farmers who own the farms must pay the cost of maintaining the widows and orphans in the township on a township basis, it is practical confiscation.

Those two examples may seem far-fetched, but I do not think they are uncommon at all.

In the next place the cause of the unemployment is not local, which is one of the reasons why the local communities should not be made to bear the burden of the relief. It seems unfair to confiscate the homes of the local people for something which they are not in any way responsible for and for which they themselves had no hope of profit from. If they had gambled and lost, you might not have so much sympathy for them in their present distress, but that is not the case.

The CHAIRMAN. As a practical matter, this process of confiscation does not solve the problem?

Mr. CHATTERS. No.

The CHAIRMAN. The township or the municipality merely becomes the owner of the property, but that does not produce any taxes. If the communities are having the same experience as many in my own State, these tax sales produce no returns from the property.

Mr. CHATTERS. You are right, Senator. It is merely a book-keeping entry and produces no revenue. The tax title buyers are doing little business now.

The CHAIRMAN. You could confiscate all the property in this township you mentioned—this township in Michigan adjacent to Detroit—but that would not produce an additional dollar for unemployment relief?

Mr. CHATTERS. I doubt if it would get \$1.

There is still another objection and that is the lack of a market for securities, assuming that the local communities should bear the cost of relief. There is no market for their securities. The statement that these local governments are bankrupt and are not handling their affairs properly has killed the market for even the securities which are sound.

The CHAIRMAN. It is also a fact that the so-called relief funds pay a high rate of interest.

Mr. CHATTERS. Yes, sir. A very good example of that occurred recently in the city of Chicago, when they could not meet their bonds. The banks agreed to refinance them, but demanded 6 per cent, which is a very high rate. So, the local communities will have to pay a greater rate of interest than the Federal Government would have to pay on any money they borrowed.

The demand for Federal relief might be different if all the States had decent tax laws, but since few of those exist, I think it is absolutely necessary, to prevent conditions none of us want, that the Federal Government come to their assistance. The money is not there under our system of taxation. Where relief is most needed, we see the greatest demand for reduction of governmental expense, and an increase in the tax rate, and at the same time a great amount of tax delinquency. This combination is the principal reason why money is not available.

Then, in several States, within the last few months, they have passed tax limitations acts. The States of Michigan, West Virginia, Indiana—all have passed laws limiting the amount of levies on real estate, which means a limitation on the amount available for local purposes. A community in Michigan, which had a tax limit of \$60 a thousand with a low valuation, now finds themselves able to levy only \$15 a thousand. That will barely take care of the welfare work.

Such limitations make it impracticable to put the burden of welfare entirely on the local communities. It can not be borne by them because they can not raise the money.

In gathering these figures I had many comments from local officers which are rather illuminating, one in Rhode Island, in the city of Central Falls. The Governor's Relief Committee made a canvas and showed that in Central Falls there was 44 per cent of unemployment. It is impossible, therefore, to think that the remaining 56 per cent employed should take care of the other 44 per cent unemployed. They were not responsible for the conditions which brought that about.

In general, relief is taken care of by the cities, villages, or counties, and in many States it is on a county base supplemented by State funds, but in spite of that the levy for welfare purposes in those 279 cities I have cited, increased from \$42,000,000 in 1929 to \$87,000,000 in 1932.

Now, that is only a small portion of the welfare, but it has more than doubled and at the same time it has been supplemented by far greater funds from other sources. The resources of the local communities have been greatly decreasing, and many cities are not receiving enough to take care of their relief.

Thirteen of the cities that I mentioned have sold bonds and notes during 1932 for more than \$18,000,000 for welfare.

Seven other small cities report that they are lacking \$1,625,000. One of them is Racine, Wis. It is spending \$800,000, although the budget called for only \$100,000. They will have to find the \$700,000 somewhere.

Yonkers, N. Y., is spending \$600,000 without any provision for financing it. They must get the money somewhere.

They can not go on that way forever.

The CHAIRMAN. Have you any figures on the average rate of interest paid in those communities that did raise money?

Mr. CHATTERS. I have no figures, but I should say that the rate would be 5.5 per cent—certainly not less than that.

In one city which had to do some refunding, the rate was nearly 7.5 per cent, which is almost unthinkable. It is unfortunate that when the need is greatest, cities have to pay the highest rate of interest.

I might give you a few definite examples of how tax delinquencies have increased. It brings out better than anything, the inability of the local communities to take care of their welfare load.

Here is the city of Miami, Fla., for instance. In 1929 they had a delinquency of only 13 per cent in their taxes which was, in dollars and cents, \$450,000. In 1931 they had a delinquency of nearly 44 per cent, which means \$1,444,000, in dollars and cents. Since their tax levy was only about two and one-half million that leaves them only about a million dollars for all purposes, and their welfare would take much of that.

Now, in Holyoke, Mass., which has a tremendously increased welfare load. The amount payable from local funds increased from \$202,000 in 1929 to \$713,000 in 1932; we find that in the meantime their tax delinquencies have increased from 18 per cent to 34 per cent, which means in 1932 their tax delinquencies for that year alone were \$1,155,000.

Now, when you deduct their tax delinquency and their welfare requirements, you will see what position it puts them into in attempting to carry out the other functions of Government and pay their debts.

Here is Lansing, Mich., whose credit has always been very high. It has reduced its tax levy for all purposes from \$4,500,000 in 1929 to \$3,250,000 in 1932, and with its tax delinquency increased from 10 per cent in 1929 to 33 per cent in 1932.

The CHAIRMAN. What does that represent in dollars?

Mr. CHATTERS. \$565,000 in 1932. Relief takes \$388,000, which means \$948,000, approximately, for relief and tax delinquency against a tax levy of \$3,212,000, and there the State contributes nothing to welfare relief.

Now, here is Newark, N. J. Their welfare relief has been taken care of from a bond issue, but their tax delinquency in 1931 was 28 per cent. So, as the need increases, their ability to take care of it has been continually decreasing.

Here is San Antonio, Tex. Their tax delinquency amounted to 32 per cent at the end of 1931, which means, in dollars and cents, roughly, \$2,000,000.

The CHAIRMAN. What percentage of increase is that over 1929?

Mr. CHATTERS. It was 18 per cent in 1929 and 32.7 per cent in 1931.

Now, even the city of Milwaukee suffers somewhat from tax delinquency. I have the figures for January, which, of course, do not represent the condition when the tax is finally delinquent. However, it was 29 per cent in January, 1929, and in January, 1931, there was a 48 per cent delinquency. That shows the increasing problem we have on every hand.

Here is Racine, Wis., with a tax levy of only \$2,400,000 and the relief is estimated at \$800,000, which is approximately one-third of the total levy, and a larger proportion of what they will actually get. I think that brings out what the local government is up against.

The CHAIRMAN. I would like to have those tables which you have been consulting, inserted in the record.

Mr. CHATTERS. I will be glad to send you copies of them; not only that, but a summary of the States showing the number of cities represented and the amount of tax levies and amount of welfare relief payable from them and the other figures on tax delinquencies. I shall be glad to send all of that to you immediately.

(The tables referred to are printed in as follows:)

Statement of general tax collections in 21 cities in United States

Name of city	Per cent delinquent at end of fiscal year or at comparable date each year		Percentage still uncollected		Volume of 1931 delinquency at close of year
	1929	1931	1929	1931	
New York City.....	14.55	17.70	1.61	7.28	\$89,384,615
Ashland, Ky.....	12.00	31.00	3.00	13.00	180,000
Bridgeport, Conn.....	3.73	4.03	1.39	2.65	316,601
Durham, N. C.....	6.00	15.00		14.00	160,275
Oakland, Calif.....	3.90	6.80	.70	6.10	361,574
Richmond, Va.....	7.07	9.46	.84	3.13	558,752
Rochester, N. Y.....	6.72	10.46	1.18	5.59	1,911,711
San Antonio, Tex.....	18.33	32.57	8.00	30.00	1,656,294
Camden, N. J.....	22.96	28.10	5.84	19.17	1,941,519
Erie, Pa.....	14.00	20.00	4.40	13.40	438,080
Paterson, N. J.....	25.19	30.50	1.80	15.81	2,503,769
Yonkers, N. Y.....	10.41	15.04	1.07	9.00	1,661,245
Saginaw, Mich.....	9.89	23.35	3.16	19.10	408,050
Lansing, Mich.....	9.89	19.18	1.89	18.08	334,163
Miami, Fla.....	13.18	43.68	9.90	36.37	1,444,829
Muskegon, Mich.....	9.30	28.00	2.84	28.00	229,325
Woonsocket, R. I.....	15.13	21.84	1.13	14.93	492,079
Big Spring, Tex.....	13.00	30.00	8.00	27.00	33,100
Wichita Falls, Tex.....	13.00	39.70	9.00	39.70	259,791
Kingsport, Tenn.....	21.50	34.90	3.80	22.20	102,588
Wellesley, Mass.....	20.60	25.20		12.00	204,911

NOTE.—Comparison of columns 1 and 2 indicates the trend toward increased delinquency ratios. Columns 3 and 4 indicate to what proportion 1929 and 1931 taxes are still unpaid. Column 5 shows the burden of delinquency at the close of the 1931 fiscal year for that year's taxes only.

Comparative tax levies in 279 cities in 39 States

[From a questionnaire returned about January 1, 1933]

State	Number of cities	General tax levy		Tax levy for relief exclusive of bond issues, notes, deficits, State funds, county funds and Reconstruction Finance Corporation advances	
		1929	1932	1929	1932
Alabama.....	3	\$4,662,888	\$4,050,340		\$63,741
Arkansas.....	1	315,706	285,159		
California.....	16	33,402,721	33,302,302	\$2,249,672	3,806,992
Colorado.....	2	16,324,881	14,005,557	75,079	69,800
Connecticut.....	11	35,082,989	38,482,150	1,862,977	3,318,390
Delaware.....	2	3,888,702	3,780,187	70,382	110,936
Florida.....	7	5,278,803	5,426,928	53,550	166,850
Georgia.....	3	11,633,734	10,542,366	13,192	554,155
Idaho.....	3	1,291,091	1,075,100	44,852	32,738
Illinois.....	10	239,046,956	234,049,161	156,399	1,363,707
Indiana.....	(1)	150,469,256	140,071,475		
Iowa.....	4	9,547,798	9,017,352	168,500	217,850
Kansas.....	7	16,354,123	14,563,136	338,903	491,777
Kentucky.....	3	10,341,991	10,034,272	584,446	852,898
Maine.....	4	3,729,092	3,839,976	207,419	506,882
Massachusetts.....	32	130,063,608	150,078,425	7,613,667	24,255,523
Michigan.....	19	143,288,815	126,608,463	1,121,730	5,991,229
Minnesota.....	7	45,831,999	45,507,319	1,296,166	1,694,606
Missouri.....	3	36,912,937	33,666,648	516,696	710,000
Nebraska.....	2	11,626,126	11,620,886	104,912	93,633
New Hampshire.....	3	5,216,577	5,002,507	80,500	342,014
New Jersey.....	21	72,823,544	73,942,950	447,672	807,982
New Mexico.....	(1)	11,274,038	10,408,074		
New York.....	18	508,003,425	579,091,170	19,862,586	29,141,780
North Carolina.....	2	3,049,529	2,791,318	35,000	88,000
North Dakota.....	6	2,210,386	1,815,364	74,426	207,838
Ohio.....	13	51,242,141	40,681,452	2,824,626	4,830,595
Oklahoma.....	3	6,925,181	6,074,996	75,500	701,000
Oregon.....	2	17,539,092	16,168,981	157,908	403,603
Pennsylvania.....	8	14,406,031	14,742,572	668,564	1,092,492
Rhode Island.....	5	17,261,030	17,924,529	350,785	855,748
South Dakota.....	3	2,654,946	2,471,096	64,943	123,000
Tennessee.....	5	16,356,968	16,887,013	11,768	27,800
Texas.....	10	24,956,778	23,844,614	438,119	684,697
Virginia.....	7	13,623,334	13,312,346	272,909	267,438
Washington.....	4	24,703,603	21,072,283	239,458	450,936
West Virginia.....	2	3,331,159	2,585,391	600	2,500
Wisconsin.....	25	52,098,560	48,816,761	552,876	3,408,853
Wyoming.....	2	2,225,969	1,954,776	68,761	103,349

¹ All.

The CHAIRMAN. What will be the result, Mr. Chatters, if no further action is taken to relieve these cities in part of this unemployment relief burden?

Mr. CHATTERS. I think you would have at least two results; first, riots, and in the next place, some debts unpaid.

If the people in the country at large want municipal credit maintained, they must provide some way of taking care of relief needs, because it will be impossible to take care of both in full unless you curtail drastically the other services of government.

The CHAIRMAN. Does it mean, in your judgment, wholesale defalcations on the part of these cities?

Mr. CHATTERS. I do not believe we will come to that. Cities are trying the best they can to avoid it, and up to date they have avoided it very well.

The CHAIRMAN. I am assuming they will have to carry a proportion of the relief funding for some time to come.

Mr. CHATTERS. They will have it to carry for an indefinite time in the future.

The CHAIRMAN. What effect is this financial pressure having upon the other services rendered by the communities, such as health, education, fire, and police protection?

Mr. CHATTERS. I am glad you mentioned fire protection, because just recently, within the last two weeks, there appeared a full-page advertisement in two national magazines, by a certain organization calling attention to high taxes and yet that same organization has been promoting expenditures to bring down the fire hazards.

The CHAIRMAN. What organization was that?

Mr. CHATTERS. The National Board of Fire Underwriters. It seemed a little unfair in the light of their efforts to increase fire protection expense, to make a statement of that kind.

The CHAIRMAN. Is it a fact that more and more these cities are getting behind in their payment of wages and salaries to employees?

Mr. CHATTERS. Yes; I am afraid that it is. I am afraid that is increasingly true with respect to municipal employees and school employees. It seems within the last few weeks a great many have taken an interest in scrip which they would issue in place of money.

Unquestionably there is a great demand for a decrease in expenditures and unquestionably all waste should be eliminated, but when that is done, we should be careful in curtailing the fire, health, and police protection to the cities—those services that relate to protection of life and property.

The CHAIRMAN. That is one of the inevitable results, is it not, of prolonging the meeting of this unemployment relief-burden by these communities under the present system?

Mr. CHATTERS. Yes; it is bound to follow.

The CHAIRMAN. Do you know anything about the extent to which this scrip issued by these cities is discounted?

Mr. CHATTERS. Well, it varies greatly. Some is discounted certainly at least 15 to 20 per cent. It certainly is discounted that much in some communities. It depends on where it is and the quality of it.

The CHAIRMAN. That means where the employees have taken a salary cut of 20 per cent and are being paid in scrip, they receive a further cut of another 20 per cent, making 40 per cent in all, when they are paid in scrip?

Mr. CHATTERS. That is right. If their salaries are cut drastically, it seems unfair to pay them in scrip. Of course if they receive their salaries in full, there might be some justification for paying them off in scrip. However, both have occurred, in some instances.

The CHAIRMAN. Is it not a fact that this practice of issuing scrip tends to increase?

Mr. CHATTERS. Yes.

The CHAIRMAN. What has been the trend in Chicago where they pay the teachers in scrip?

Mr. CHATTERS. They are paid mostly in cash warrants which are accepted by the merchants in lieu of cash, but they are shifted around so much in many instances that it makes it impossible to redeem them at par.

The CHAIRMAN. Are they paying in scrip in Philadelphia?

Mr. CHATTERS. They passed one or two pay days, but I do not believe they used scrip. They passed one or two pay days, however.

The CHAIRMAN. What communities that you know of have been paying in scrip?

Mr. CHATTERS. Many of them in southeast Michigan and around Detroit have been paying in scrip. In the Western States you will find them paying in warrants payable at an indefinite future date when the money is in the treasury.

Even now you see the city of Evanston, Ill., is planning to do that. The city of Milwaukee has an ordinance before the council now to permit the use of scrip.

The city of Detroit authorized the issuance of bonds within the last few days, which would be accepted in payment of taxes when presented. That simply means that the cream of the tax roll is taken off for five years to come. It means the large taxpayers have agreed to buy them and the money they could have counted on will not be available during that time.

The CHAIRMAN. Thank you very much.

STATEMENT OF STANLEY P. DAVIES, ASSOCIATE SECRETARY STATE CHARITIES AID ASSOCIATION OF NEW YORK

The CHAIRMAN. Will you please give your full name, address, and present position to the reporter.

Mr. DAVIES. Stanley P. Davies, associate secretary State Charities Aid Association of New York, 105 East Twenty-second Street, New York City.

The CHAIRMAN. What is that organization?

Mr. DAVIES. That is a voluntary unofficial organization. Its name is rather misleading. It is not an official State body. It has been in existence about 60 years and its purpose has been improvement of public-welfare administration within the State. It has done very little direct operating work. Its energies have been directed toward getting the public units of government from the State on down to do a better job in welfare, health, mental hygiene, and so forth.

Mr. Chairman, I should make it clear that I am not authorized to speak officially for the State Charities Aid Association because our board has not acted, but I can speak for the staff of our association, particularly Homer Folks, our general secretary, Miss Elsie M. Bond, who keeps in close touch with legislation, and myself—members of the staff who have been in close touch with relief developments since the beginning of the emergency. Our organization was active in calling attention to the needs of State aid when the time came and participated rather closely in the framing of the present act under which the temporary emergency relief administration in New York State is operating. As a staff group—and when I say “we” I am speaking of the above members of the staff—we have reached some rather definite conclusions about the situation in New York State.

We are in general agreement with Mr. Hopkins and Mr. Hodson in the testimony that they have already submitted here. I will try not to repeat, but I think there are some points which might be brought out.

Granting that New York State has done an excellent job in its relief work, a job of which we are proud, nevertheless the facts

brought out by Mr. Hopkins and Mr. Hodson are that even in New York State the relief is not as adequate as it might be.

But going along even on the present basis, without allowing for more adequate relief to those already getting it or without allowing for the extensions of relief to many others who should have relief, there is a serious question as to how much longer the cities, counties, and the State itself can carry the entire burden. As you know, the mayors, through the State Conference of Mayors, have petitioned the State to increase the allowance to the cities from 40 to 60 per cent. I think a difficult question faces the State as to how it will continue to pay its share of the cost even on the present basis without allowing for an increase in relief.

The \$30,000,000 bond issue which we worked hard to have the people approve at the election last autumn was thought, when first proposed, sufficient to meet the situation throughout the calendar year 1933. As Mr. Hopkins indicated, and as we agree, that \$30,000,000 will be exhausted by June 1.

Now, that presents a real difficulty as to where the State is going to get further funds, because it seems wholly out of the question to add the cost of emergency relief to the current tax burden of the people. It was for that reason that we voted a bond issue last autumn. With a deficit of something like \$100,000,000 to carry over from the present fiscal year to the State's budget of the coming fiscal year, it is even more out of the question to carry the further burden on current taxation.

New York State has a constitutional limitation on borrowing whereby it can not borrow except with the approval of the people at a general election. That means that even though the credit of New York State may still be good and is still good, we can not get any funds through borrowing before the next general election; in other words, we can not make more funds available until November 15 next, so that we have this period from approximately June 1 to November 15 during which we do not now know where the funds will come from to meet the State's share of the cost. That is one of the important and practical situations that has led responsible people in New York State to look more seriously than they did before to the Federal Government for participation in meeting these needs.

Just yesterday, after Mr. Hopkins testified, Governor Lehman delivered his annual message, in which he states even more clearly than in his inaugural address the need of New York State. I do not know whether you would care to have me quote a few words from that message, but it seems to me that it will bear directly on the point I am making—

The CHAIRMAN. I would be glad to have you do so.

Mr. DAVIES. I am now quoting from the governor's message:

So great has the need been, that these funds will be exhausted by June 1, 1933, although it was believed that the proceeds would continue to take care of the situation until at least the end of the calendar year 1933. I am informed that at least \$4,000,000 a month will be required for the winter months. It is obvious that the State of New York will be unable to provide this amount of money. It is obvious that even with the combination of the resources of the cities, the counties and the State, necessary funds fully to fight destitution will not be at hand.

The State of New York has already demonstrated, and will continue to demonstrate in every practicable way, its willingness to accept responsibility for helping those who through no fault of their own are now unable to care for themselves.

The strain on State, local, and private resources has, however, at last reached its limit. We are forced now to look to Washington for assistance.

The new Federal administration also is definitely committed to the policy that the Federal Government has the ultimate responsibility for the continued promotion of the public welfare, and for the relief of unemployment distress. The existing Federal law extending Federal aid for unemployment relief has by its express terms, and by interpretation, made it difficult for the State of New York to qualify for the Federal assistance which it requires. I hope that the terms of this statute will soon be modified.

But at all events, we must apply for and obtain this Federal help. Bare necessity permits no other course.

We must have funds for relief made available concurrently by cities, counties, and the State with the substantial assistance of the Federal Government. We should then be using the combined strength of private charity, municipal funds, State moneys, and Federal aid, in providing the adequate relief which we owe as a Government to the unemployed.

Our governor, as you know, is a man of long business experience before going into public office. He is conservative in making statements of this sort and it seems to me that that statement pretty thoroughly clinches the need of New York State for Federal help.

As we see it, a Federal loan to the State is still State money for emergency relief. We can not assume, and perhaps should not, that those loans will ever be written off; therefore, whether the State borrows the money from a bank or from the Federal Treasury, we feel that it is still the State carrying the burden, and can not be called Federal relief.

The CHAIRMAN. I agree with you about that.

Mr. DAVIES. It is for that reason, sir, that in speaking for the staff group I mentioned we feel very strongly that further Federal assistance should be on the basis of grants—real Federal participation in the situation. In saying that, we have no intention—and I think the governor makes it clear in his message that he has no intention—of unloading on the Federal Government.

In our own experience, the bringing of the State to the aid of the cities and towns in meeting relief did not result in the cities and towns unloading on the State. The offer of the State funds on a reimbursement basis served to get the localities to do things they otherwise would not have done. The result was that the State moneys did not supplant but supplemented the local funds.

The CHAIRMAN. And even augmented them?

Mr. DAVIES. Yes, sir; and much more was done from local sources than probably otherwise would have been done or possible; in other words, the offer of State reimbursement was an incentive to the communities to do their share.

There were other factors in that. The State was able to set up certain conditions as to adequacy and administration of relief to be observed by the localities in order to claim their share of the State relief funds. That had the result of greatly improving local administration and of making relief distinctly more adequate. We believe that if the Federal relief grants could be made somewhat on the same basis, they would serve that same general purpose of stimulating the States and localities to do their utmost. Federal funds would thus be an addition to the very best that the State and the localities are able to do. We see the further meeting of emergency relief needs as something in which the three types of Government would share—Federal, State, and local.

We also believe that Federal grants would have this advantage; if the kind of relief administration such as contemplated in the La Follette-Costigan bill were set up, the Federal Government could assume an entirely different rôle in meeting this situation. It would no longer play the rôle of banker, so to speak, waiting for States to apply for loans and having to present a case as to their needs. The new Federal Emergency Relief Board, with power to make grants, could assume a more positive rôle—could be more in the nature of a social-work agency in stimulating very definitely the local communities to make their relief adequate and in advising and assisting them in numerous ways.

The CHAIRMAN. And affording some leadership?

Mr. DAVIES. Leadership—that is the word—yes; that it would make a very great difference in the whole national situation if we could have that kind of Federal body rather than a mere loaning or banking agency.

Carrying out that point of providing for the apportionment of Federal funds in the manner that would be most effective in stimulating the States and localities to do their utmost, it seems first of all that it would be desirable to make a fairly high proportion of the total of Federal moneys available on the reimbursement basis.

In New York State, roughly, about 80 per cent has been in the so-called reimbursement fund and about 20 per cent in the discretionary fund. We believe it would be an incentive to the States if they could be assured that the major part of Federal funds would be available to them on the basis of some fixed percentage, provided, of course, that the conduct of relief affairs in the State met with the approval of the Federal emergency body.

I think that if the Federal Government could say to the States that of the total amount needed for relief in that State in a given year, the Federal Government would be willing to contribute 40 per cent on condition that the State would contribute 30 per cent and the localities 30 per cent, that probably that would be the plan best calculated to achieve the most efficient cooperation between those three units. I would like to suggest that type of plan for consideration.

Now, it may well be that some States can not put up their 30 per cent of the total or the localities their 30 per cent. In that case the discretionary funds would be available.

Also it seems to us this might be possible; quite apart from the grants administered by the Federal Emergency Relief Board, a State might still be authorized to borrow from the Reconstruction Finance Corporation for meeting its 30 per cent share of the total cost. That is a suggestion that perhaps may be worthy of some consideration.

If the needs of New York State can be most conservatively estimated at about \$100,000,000 a year, then of course we would have the Federal Government contributing \$40,000,000, the State \$30,000,000, and the localities \$30,000,000. The point is that even if we had Federal relief grants on this basis of 40 per cent of the total, New York State this coming fall would again, even with Federal aid, need to float a bond issue of its own fully as large as it floated last fall. Thus the State would be still carrying a respectable share of the entire burden.

The CHAIRMAN. I understood you to say that your organization participated in the campaign to put over the bond issue.

Mr. DAVIES. A little more than that. The responsibility for the leadership in that campaign was put entirely on us, because the State body, the T. E. R. A., thought it was beyond its province to carry on an educational campaign of that sort.

The CHAIRMAN. Would or would not a Federal grant in aid be helpful in putting over other bond issues in New York?

Mr. DAVIES. We feel a Federal grant in aid would be helpful in putting over another bond issue; yes. Last fall we had some difficulty in dodging the question as to why New York State did not appeal to the Federal Government for a loan before floating the bond issue. If, in floating another bond issue, we could say the Federal Government is doing its share, but in order to do our part, we must do certain things, I think it would be easier to put over the bond issue than last year. However, without Federal aid the size of the State bond issue required would be so very large as to make its popular approval extremely doubtful.

On the other hand, if New York State should find a way to borrow from the Federal Government—if it could find a way—then I think it would be almost impossible to put over a bond issue to be secured as a commercial loan.

I would like to make just one other point, as to the Federal emergency relief body becoming, at least in its executive personnel, a social-work agency accepting social-work standards. It was very interesting to watch that development in New York State.

Our original Temporary Emergency Relief organization consisted of three members, none of whom was a social worker—Mr. Jesse Isidor Straus, president of R. H. Macy & Co. in New York City; Mr. Phillip J. Wickser, leading attorney of Buffalo; and Mr. John Sullivan, the State labor leader. We watched with much interest the personnel that that administration would call upon to direct its affairs. Fortunately it selected Mr. Harry L. Hopkins, a leading and highly qualified social worker as chief executive. That gave a social-work character to the administration. Qualified social workers were selected for the staff of the administration, with the most able of these assigned as field representatives to advise and assist the local units.

I would like to put into the record this testimonial of Mr. Straus and his associates when they made their first report to the legislature after the administration had been operating a number of months, as to their estimate of the services of social workers in a situation of this kind. I am quoting now from the first report of the New York State Temporary Emergency Relief Administration to the Legislature:

The administration has come to appreciate how important training and experience are in the field of social work. Those in distress are naturally sensitive and the approach by untrained or sympathetic workers, or the promiscuous mingling with long lines of applicants, tend to aggravate that distress. The administration desires to record the tactful and efficient methods of trained social workers and to express the hope that most, if not all, of the communities with which it has been in contact are of a similar mind, and will wish in the future to include among their executives, trained personnel to handle social problems.

The CHAIRMAN. Thank you very much. The committee will stand in recess until 2 o'clock.

(Whereupon, at 12.30 o'clock p. m., the committee took a recess until 2 o'clock p. m.)

AFTER RECESS

The subcommittee met, pursuant to recess, at 2 o'clock p. m.

The CHAIRMAN. The subcommittee will be in order.

Mr. Marsh, will you please give your full name and address and present position to the reporter for the record?

STATEMENT OF BENJAMIN C. MARSH, EXECUTIVE SECRETARY PEOPLE'S LOBBY, WASHINGTON, D. C.

Mr. MARSH. My name is Benjamin C. Marsh, executive secretary, People's Lobby, with offices here in the Bliss Building. I appear on behalf of the People's Lobby, of which Prof. John Dewey is president.

The CHAIRMAN. Just explain please, for the record, Mr. Marsh, what that organization is.

Mr. MARSH. The People's Lobby is a voluntary, but incorporated, organization with about now seventeen hundred or eighteen hundred members in some 30 States, which is working on a specific program of legislation and on administrative matters here in Washington. It was organized under a different name in 1920, and has been working continuously since then.

Mr. CHAIRMAN, I want to say to you in starting that I think that it is due to be stated that the efforts which you, Senator La Follette, and Senator Costigan, have made on this relief measure are of very great service, and that if it had not been for the efforts which you two Senators made, in all probability, there would not have been any emergency relief legislation enacted at the last session of Congress, and I am sure that Senator Wagner would admit that, and he made a very excellent fight for it.

The People's Lobby started in July, 1930, to try to get an appropriation of \$500,000,000 for immediate relief voted by the Federal Government, to have it done at the then coming session of Congress.

I want to refer, before taking up our argument for your bill, and for a larger appropriation than therein provided, to something with reference to the Reconstruction Finance Corporation.

In the first place, I think it must be admitted that it was not the desire of most of those who wanted real Federal relief to have this relief agency established in the Reconstruction Finance Corporation. It seemed the only thing that could be done, but it is of course obvious it has been a complete failure, and it was inevitable that it should be a complete failure then.

In the first place, governors and mayors applying to the Reconstruction Finance Corporation for a loan are obliged by the law to make a statement, which seemingly some of them made with their tongues in their cheeks, that they could not either get the money by taxation or did not have it on hand and could not get it by voluntary contributions. This put an unfair onus upon every governor and mayor applying for relief.

The CHAIRMAN. That was a responsibility, however, of the Congress.

Mr. MARSH. That was a provision put in by Congress.

I should think it would be very valuable if the committee would invite the chairman of the Reconstruction Finance Corporation, the secretary, and the gentlemen in direct charge of relief, and ask from them the information we were unable to get, and that is how much each governor asked for for relief loans and how much he got.

The CHAIRMAN. The committee has already arranged for a hearing of the representatives of the Reconstruction Finance Corporation, and we have requested them to bring all pertinent information at the time they appear.

Mr. MARSH. I believe that when the Children's Bureau officially puts out, as they did a few weeks ago, a second edition of their family food budget, stating what the very minimum is that should be provided for a family of two adults and two children, or whatever it may be, that then the Reconstruction Finance Corporation, or any agency which is charged with the administration of a relief act of Congress, should see that relief is adequate to meet the needs.

I have here letters from all the governors, or most of the governors. Letters were written to them asking how much they asked for and why they were refused. Not all of them have replied. I do not want to burden the record with that but I would like to leave it for the use of the committee.

The CHAIRMAN. I think it is pertinent and it may be incorporated in the record.

(The letters are as follows:)

GOVERNORS SHOW LOW STANDARDS OF RELIEF

The Joint Committee on Unemployment, early in October, asked every governor who had received a loan from the Reconstruction Finance Corporation for direct relief or work relief, whether he had received the amount applied for, and if not why, and what the standards of relief the State has.

Governors of the States which had not received such a loan were asked whether they had applied for one, if so, what the grounds were for refusal and whether the requirement that governors must certify that the State has not the funds, and can not raise them by taxation or by gifts, prevented them from making application.

The replies are extremely significant.

ARIZONA

Governor Hunt: "I made application under Title No. 1 for \$1,000,000 of Reconstruction Finance Corporation funds, to cover a period of eight months. Arizona has been allotted the first two months, September and October, of \$125,000 per month by the Reconstruction Finance Corporation.

"This pro rata for these two months equals the amount which I requested.

"It is not possible to answer question No. 4 (standards of relief), as the wage scales and living costs in various counties of our State differ very materially."

ARKANSAS

State emergency relief commission: "This is to advise that we now have \$1,031,000 allotted to 42 counties in this State to relieve distress. This is on the basis of about 50 per cent of the amount requested.

"We are now making application for \$300,000 to be used in 25 additional counties. We are trying to base our amount of relief at approximately \$5 per week for an average family."

CALIFORNIA

Secretary to Governor Rolph:

"No actual application has been made for the purpose mentioned with the exception of several self-liquidating projects for public construction of a large project and an immense aqueduct. There are a number of other applications under way throughout the State, but the data you request has not yet been collected from the various cities and counties.

"The projects mentioned will give employment to a great many people, but it is believed, according to an opinion of the attorney general, that legislative action will be necessary before proceeding in the matter."

DELAWARE

Secretary of state:

"Please be advised that the State of Delaware is able to care for its own unemployment situation and will not need any money from the United States Government.

"As far as possible, the State will provide 'made' relief work and pay direct relief on the basis of \$36 per month for a family of four. Larger families will be paid more on a proportionate basis.

"It is the purpose of the governor to provide for this relief as soon as our local agencies now operating call for his aid, and \$2,000,000 will be made available without any taxation being imposed on our people."

IDAHO

Governor Ross:

"Application was made for \$300,000 and was granted.

"We anticipate this will take care of our needs until January 1, 1933, at which time perhaps an additional \$300,000 will be applied for.

"The average allotment per family under this fund is from \$12 to \$16 per month."

KENTUCKY

Governor Lafoon:

"Kentucky made application to the Reconstruction Finance Corporation for about \$1,700,000 to care for its needs to January 1, 1933.

"In the allocation they only allowed Kentucky \$672,550 to be used by January 1, 1933.

"My opinion is that from one-half million to a million dollars will be required to take care of the needs of Kentucky to December 31, 1932. Application will be made for additional funds by counties that were not included in the sum previously granted.

"There is no specific sum allowed for the care of any person. The plan is to give work to the able-bodied at \$1.50 per day for a sufficient number of days to take care of all dependents."

MARYLAND

Governor Ritchie:

"The State of Maryland has not made any application for relief to the Reconstruction Finance Corporation, and as at present advised, we are not expecting to do so. We think we will be able to take care of our own situation without applying to the Federal Government.

"With regard to your sixth inquiry, there is no unemployment relief legislation in Maryland."

MICHIGAN

Executive officer State unemployment commission:

"We have made application to the corporation for loans in an amount slightly over \$5,000,000, representing the needs of several communities in the State.

"We have not had a refusal of any application thus far. We have forwarded 13 applications, 6 of which have been acted upon favorably; the other 7 are en route to Washington at the present time.

"We have had a few of the loans reduced in amount, because the application included periods prior to date of applications, which, under the ruling of the Reconstruction Finance Corporation, is not allowed.

"Applications so far received and those anticipated will approximate \$7,000,000. This amount may be exceeded.

"Title 1 of the act (Relief for Destitution) has not been considered by us as a 'pauper's test.' However, this feature could be liberalized to the great benefit of the municipalities.

"This (allowance for relief) varies according to the density of population and according to climatic conditions in the several districts of the State. It will average for summer months from \$10 to \$20 per month for a family of four and from \$15 to \$30 for winter months."

MINNESOTA

Relief administrator:

"The State of Minnesota, through Gov. Floyd B. Olson, made application to the Reconstruction Finance Corporation for a loan under subsection 'c' of title 1 of the emergency relief and construction act of 1932 for \$655,376. The corporation granted the entire loan requested.

"In considering the requests for the entire State, we allowed \$25 per month for a family of two adults and three small children and \$15 per month for homeless or nonfamily persons. The public welfare organizations in Minneapolis, St. Paul, and Duluth allow approximately \$16 per month for a family of five and in proportion for larger or smaller families. I should state that the request of St. Paul and Ramsey Counties and Duluth and St. Louis Counties were included in the State total, and figured on the basis of \$16 per family per month rather than \$25 as was figured for the rest of the State."

MISSOURI

Director unemployment relief: "Your questions do not lend themselves, in our case, to brief replies that would be meaningful. The Governor of Missouri is making applications from time to time and therefore a statement of the amount up to any given time would not be significant as a final figure.

"Both the governor and I are decidedly pleased with the actions of the relief division of the Reconstruction Finance Corporation in handling our applications. Where any reductions have been made it has been made through conference with me and adequate and satisfactory agreement between the Washington division and this office."

NEW MEXICO

Governor Seligman: "I beg to say that the Reconstruction Finance Corporation has acted favorably on New Mexico's application for \$240,000 to be used for relief work in New Mexico."

NORTH CAROLINA

Director of relief: "North Carolina made application to the Reconstruction Finance Corporation for relief purposes and was granted a loan in the amount of \$815,000 to cover the period October 1-November 15. The corporation granted the loan." He added that the State does not know how much must be spent for relief and the standard of relief "varies according to the region and state of destitution."

OHIO

State relief commission: "The Reconstruction Finance Corporation has not reduced any of these amounts below what the actual need has been. In one case they made a small reduction due to an error in tabulation by the local city making the application.

"The average cost per family of five is approximately \$16.50 per month to the State of Ohio."

OREGON

Governor Meier: "The loans are on the basis of \$12 for an unemployed single person and \$18 for an unemployed family." Oregon asked for \$253,532 and received \$221,583.

PENNSYLVANIA

Department of welfare: "Governor Pinchot originally requested a loan of \$45,000,000, of which \$10,000,000 was needed immediately. On the basis of individual county resources and relief needs as submitted to the staff of the Reconstruction Finance Corporation the amount requested for the months of September, October, November, and December of this year totaled approximately \$20,000,000. Up to November 17, \$11,000,000 was granted.

"Reasons given for the reduction in the amount of the loan requested are as follows:

"(a) Where the numbers on relief in a particular county have low ratio on basis of population it was felt that, even though the county did not have financial resources, neighbors and others were better able to prevent suffering than in counties where the ratio of dependent families was higher.

"(b) The average food grants in several counties were as low as \$5 a month, but the amount of the application for these counties was based on a higher subsistence level and included a small amount for fuel, shelter, and medical care. However, the Reconstruction Finance Corporation staff felt that it was unwise to allow county relief agencies to increase their grants to any extent. It was pointed out that in a number of counties our State emergency relief board was making use of good private agencies and in a few instances creating a relief committee where it seemed necessary, and that the former grants were being given by the poor boards, and the private agencies should be allowed to demonstrate the advantages of more adequate grants.

"(c) The Reconstruction Finance Corporation staff felt that monthly reports of the number on relief were essential in order to show trends. We were unable to secure monthly reports from public agencies and the estimates submitted of the number of families dependent upon relief in some instances seemed too high to the Reconstruction Finance Corporation staff.

"Based on our August and September reports from public and private relief agencies our estimate of the amount of additional loan Pennsylvania will need to care for the unemployed to December 31, 1932, ranged between \$12,000,000 and \$15,000,000.

"The usual weekly grant for a family of two adults and two minors ranges from approximately 42 cents to \$7."

RHODE ISLAND

Governor Case: "So far as Rhode Island is concerned, she has taken care of her own without Federal assistance and does not propose to ask for Federal assistance."

SOUTH DAKOTA

Secretary to the governor: "One loan for \$150,000 received. Application just made for loan of \$600,000, to be distributed to the various counties in need of work relief.

"Relief is at the rate of about 20 to 25 cents per hour, 30 hours per week for time employed on county relief projects. Total sum per family not to exceed \$50 up to January 1."

VIRGINIA

Director division of statutory research and drafting: "According to my figures the Reconstruction Finance Corporation has approved applications to make available to the State of Virginia by payment to the governor the sum of \$1,071,348. This is less than the amount applied for. As to the reasons for reducing the amount I refer you to the Reconstruction Finance Corporation.

"Further applications for funds to be used for relief purposes within the State are now being considered by the Emergency Relief Committee appointed by the governor. I am not able to advise you at this time as to what further sum or sums will be applied for."

WISCONSIN

Industrial commission:

"The Governor of Wisconsin made application to the Reconstruction Finance Corporation for \$6,414,865.28. This was to help finance unemployment relief from September 1 to December 31. The Reconstruction Finance Corporation awarded the State of Wisconsin \$3,000,000, with the understanding that we were privileged to make another request in November.

"Two reasons were given by the corporation for reducing our loan:

"(a) They did not wish to make an allotment covering four months.

"(b) They feel that relief administration in some of the localities within the State was not organized properly.

"We shall probably ask the Reconstruction Finance Corporation for another loan of \$3,000,000 before December 1.

"We are unable to give you a definite family allowance for any of our unemployed families. Each family is given an allowance on the basis of need and many families are receiving only partial support. We might say that the average cost per family unit for relief agencies throughout the State is about \$22 per month.

Our Milwaukee County relief agency considers \$40 a month for an average size family sufficiently ample to cover all the necessary living expenses, including food, clothing, and rent."

Governor Cross of Connecticut, merely replied that his State had not made any application to the Reconstruction Finance Corporation for a loan, while the Governors of Nevada and Oklahoma referred the committee to the corporation for information.

The committee is writing members of its component organizations in States whose governors claim no Federal loan for relief is necessary, asking them to investigate, and if convinced it is necessary, to take action to get mayors and governors to apply for a loan.

Mr. MARSH. I doubt if people realize the real significance of what is happening now, but one of the best arguments for the relief bill is the statement of the Hon. Henry Morgenthau to the effect that America needs a quasi-martial law. Henry Morgenthau was a Wilson adviser and is very close to Governor Roosevelt. Another man very close to President Wilson and very close to President-elect Roosevelt, Colonel House, in an article in last week's Liberty asks whether America needs a dictator, indicating that there are such conditions that it would not be unlikely.

We do not agree that either martial law or a dictatorship is necessary, but we do need to have the Federal Government and other governmental units operated for the benefit of the American people.

I shall later take up our reasons for suggesting that the appropriation in this bill be increased from \$500,000,000 to \$1,000,000,000.

I recently read a report on a world economic survey published by the League of Nations, written by Prof. J. B. Cundliffe, former professor of economics at Canterbury College, New Zealand, and later research secretary at the Institute of Pacific Relations and professor of economics at Ann Arbor, and I shall read what I think is a most significant clause in that publication:

The widespread acceptance of the notion of standards of living, and the associated conception of a minimum standard which society should in some way guarantee to every normal individual, is one of the most remarkable social developments of recent years. Trade-unionists and social reformers have fought for this conception for many decades; but its acceptance has been much more general in the postwar period. The contractual idea which it embodies is of profound importance and marks a distinct departure from theories of individual enterprise and free competition. It establishes, in economic organizations, a new social right comparable in many ways with property rights.

That was put out of course with the approval of the League of Nations and I will not contrast our method, because you have a contest in this bill, in your establishing of Federal responsibility—you have a contest with the real rulers of America.

Profs. A. A. Berle and Gardner C. Means, of Columbia University, in their book, *The Modern Corporation and Private Property*, point out that 200 corporations control the entire industrial life of America. A quotation from the book is as follows:

The rise of the modern corporation has brought a concentration of economic power which can compete on equal terms with the modern State—economic power versus political power, each strong in its own field. The State seeks in some respects to regulate the corporation, while the corporation, steadily becoming more powerful, makes every effort to avoid such regulation. Where its own interests are concerned, it even attempts to dominate the State. The future may see the economic organization, now typified by the corporation, not only on an equal plane with the State but possibly even superseding it as the dominant form of social organization. The law of corporations, accordingly, might well be considered as a potential constitutional law for the new economic state, while business practice is increasingly assuming the aspect of economic statesmanship.

I offer in contrast, Mr. Chairman, the statement of the League of Nations pointing out, as they do in the survey, that every major industrialized nation in Europe, and in the world, for that matter, has recognized and incorporated into law the principle of the responsibility of the national government to see to it that people do not starve—the identical principle which is the basis of your bill, the Costigan-La Follette bill—while here in America it is frankly admitted that our corporations are controlling the situation.

We believe that the Federal Government will have to pay at least \$1,000,000,000 a year for relief or relief work for a year or two to avoid a much larger bill later, and to prevent widespread suffering.

Unfortunately, we have not up to date figures on the financial status of cities and States; but I presume your committee is familiar with the report issued by the National Industrial Conference Board last year, 1932, and if you study it you will realize that about three-fourths of the total budgets of all local and State governments is derived from revenues which, in the last analysis, bear hardest upon those with smallest means.

Practically all State revenues are derived from taxes upon gross income. The Federal Government is the only one, except possibly a few States having income taxes, that makes an exemption or deduction, and there is no way, without a vigorous change of the system which would be very difficult to achieve, under which the Government, or the States and municipalities, can meet this situation. There has not been, so far as I can see, widespread defaulting on the part of municipal or State bonds, but they are in jeopardy. At the last meeting of the American Bankers Association the following figures were given: 5.4 per cent of the \$16,590,000,000 public-utility bonds defaulted; 3.5 per cent of the \$12,021,000,000 railroad bonds defaulted; 1.8 per cent of the \$18,185,000,000 municipal bonds defaulted.

Warning was issued to the cities as to what they can do on this relief situation by the investment bankers and the general bankers. They admit, a remarkable thing, that—

When a substantial portion of our population is facing starvation and want, and the normal relief methods are inadequate, it is obvious that the Government and its subdivisions can not ignore the opportunities at their command for meeting the problems. In order to do so without ignoring the rights of the taxpayer, sacrifice must be made in other activities of Government through reduced expenditures and curtailed services.

No detailed recommendations were made, but it was very clear, reading the full reports, the bankers were publicly serving notice upon cities and States that they have to curtail what they do in relief of the unemployed no matter what the situation might be, and the further action recently taken by the bankers in New York and other cities was indicative of the tack which they are going to take.

If cities and States, as things stand, take adequate care of their unemployed themselves, it is going to be merely a question of robbing Peter to pay Paul and the Federal Government, as has been found in the experience of every European nation which has met this situation, has got to meet the bill.

As Professor Dewey has stated, the last Congress admitted the responsibility of the Federal Government to see that no one in America suffered; the task of the present Congress is to make the Federal Government meet the responsibility which it has admitted. Up to date it has not met it. It has admitted it in the matter of loans.

Probably 3,000,000 families in the United States are in dire straits, including farm families and I trust that the representatives of the farm organization will appear here because a lot of those farm families are suffering. I have been getting letters from different States, as you of course do, Mr. Chairman, and many farmers are in desperate straits. I conceive it to be the intent of this bill that a farmer who is bankrupt and has no way of getting even food, is just as much entitled under this bill to relief as is any unemployed plasterer or unemployed ironworker or anyone else.

About one out of four of those gainfully employed in the United States are engaged in agriculture and mining.

One out of four in manufacturing.

One out of four in trade and transportation.

Another fourth in professional and domestic service, and similar occupations.

I think that the farm-allotment plan will be vetoed by the President if enacted now, and, while I think it is unwise to saddle the responsibility for relieving the farmer upon the unemployed worker in the cities, the fact remains something actual and immediate has got to be done for agriculture. I submit your bill is the most practical agricultural relief bill now pending before Congress because under your bill the relief for starving farmers and bankrupt farmers will be paid by those adequately able to pay, while under the allotment plan relief for poverty-stricken farmers will largely be paid by those in equally dire straits in the cities.

The next point is, there is no possibility that within two or three years any large proportion of those now not employed will find gainful occupations.

I think there can be no question as to that. Please do not think, Mr. Chairman, I am trying in any way to suggest "technocracy." I am not, but it is quite obvious that there will not be any speedy recovery from this situation.

In the same report to which I referred, Professor Cundliffe's World Economic Survey, occurs this statement:

A rough calculation at the depth of the economic depression, in the spring of 1932, gives a total of 25,000,000 workers unemployed in the world. This alarming total is very significant, but no less significant is the fact that, all through the prosperous years from 1925 to 1929, before the depression broke, there persisted a total of unemployment which may perhaps be guessed at six to eight millions. The existence of chronic unemployment on this scale is evidence of economic maladjustment quite sufficient to explain the subsequent collapse in the depression years.

That holds true for our conditions to-day and there is no possibility in my judgment, and I find very few economists who privately do not agree, that it is going to be improved soon.

This fall, shortly before Congress met, the People's Lobby made a study of the activities of the Reconstruction Finance Corporation and how much employment would be given by the projects which they had in mind, and here again comes the matter of the blame for the failure to start self-liquidating projects. Although I think a good deal attaches to the Reconstruction Finance Corporation, it is handicapped because Congress put in a provision which probably had to be in the bill for political reasons, and that was that no loan

should be made except on adequate security, even for self-liquidating projects.

As a matter of fact, there is not a single secure investment, with the exception of a few big corporations, upon which a return is assured, except a Government bond. It was very difficult to get these self-liquidating projects started. Up to October 15 authorizations by the corporation aggregated \$124,500,000 although not a dollar has been disbursed by the corporation for any self-liquidating projects.

I got a Government agency, not the Reconstruction Finance Corporation, to estimate how many men would be employed in the projects and they reported only 28,808 persons for one year.

The nearest statement I could get from the Reconstruction Finance Corporation was that approximately 81,500,000 hours of labor would be required to complete these projects which they made appropriations for, but no disbursements.

That means at the outside that one year's work will be provided for 54,333 persons, but most of it would last over two years.

The value of Federal construction and maintenance by fiscal years, ending June 30, was as follows:

1928.....	\$274,000,000	1931.....	\$492,000,000
1929.....	308,000,000	1932.....	637,000,000
1930.....	340,000,000	1933.....	785,000,000

Roughly, an increase of \$511,000,000 in 1933 over 1928. That is the only increase.

Public expenditures for permanent improvements other than Federal, exclusive of repairs and maintenance, by calendar years, were as follows:

1928.....	\$2,821,000,000	1931.....	\$2,452,000,000
1929.....	2,838,000,000	1932.....	900,000,000
1930.....	3,054,000,000		

Railroads and all public utilities by calendar years:

1930.....	\$4,000,000,000	1932.....	\$1,200,000,000
1931.....	2,410,000,000		

Contracts awarded (factories, commercial, and residential) by calendar years:

1929.....	\$3,400,000,000	1931.....	\$1,260,000,000
1930.....	1,950,000,000	1932.....	510,000,000

One specific item—housing—illustrates why relief is the only thing that is going to meet the situation immediately. Time after time I have talked with housing experts in New York City, and I am going there again to-morrow for a further conference with them.

As you recall, the Reconstruction Finance Corporation amendment of Senator Wagner's limits loaning of money for housing to municipal housing or noncommercial limited dividend housing.

New York, Ohio, Illinois, and Texas, I believe, are the only States in the Union where that is possible without further legislation, and they have not done a thing and it is doubtful whether they will do anything at once. Whether we accept any of the statements of the technocrats or not, the outstanding fact is we shall probably have six or eight million people unemployed for several years so far as any foreseeable situation is concerned now.

Another reason, Mr. Chairman, why the Federal Government will have to pay a good deal of the cost of relief, is this. We have heard about the youth who are drifting. It is out of the question that the major part of the unemployed should be permanently maintained in cities where the cost of living is so enormously high as in New York, Pittsburgh, Chicago, Philadelphia, St. Louis, and two or three other cities.

Approximately one-half of the unemployed are now living in cities where the cost of living is two to four times what it is in small towns.

The task of the cities and States is to transfer several billion of taxes now levied on labor products to land values, and so to increase employment.

Another point I want to make is that there were, roughly, 2,350,000 children, 17 years of age and under, gainfully employed in 1930. The probability is that one-half at least of them will have to be maintained by taxation.

You probably noticed several organizations are putting on a drive for more sumptuary legislation to prohibit child labor.

I would like to read just a few lines from Doctor Cundliffe's report, and then take up the latest report of the Ohio Commission on Unemployment Insurance to show that valuable as unemployment insurance is, the fact is we have started about one decade too late to enable it to meet the situation.

Professor Cundliffe makes this statement:

The rapid multiplication of claimants has in many cases destroyed any actuarial basis these various unemployment insurance needs may have had and turned them rather into mechanisms for the redistribution of income. In the same way, economic depression inevitably increases the cost of all form of social relief.

I read this because there is not a State in the Union today in which the unemployment insurance plans being proposed will meet the situation.

These are figures from the report of the commission published in November, 1932, for Ohio.

In 1929, total wage and salary payments were \$1,925,000,000; in 1930, \$1,602,000,000, a reduction—I use round figures—of \$323,000,000. In 1931, wage and salary payments were \$1,221,000,000, a reduction of \$704,000,000; in 1932, total wages and salaries were \$847,000,000, a reduction of \$1,078,000,000.

Now, they hold in this report, if Ohio had acted 10 years ago, they would have accumulated something like \$173,000,000 with which to meet a wage loss of over \$2,100,000,000 in three years, and at the beginning of 1932, to meet a wage loss of \$1,078,000,000; even on the high rate of insurance payments, to meet a wage loss of \$1,078,000,000, they would have had a little over \$11,000,000 in the fund. It is quite obvious that ordinary unemployment insurance is not a practicable way of approaching the situation to-day.

I do not want to quote some of the rather caustic comments of some members of the commission on that, but the fact remains, it is out of the question.

Public works can not be gotten under way in time, neither can housing projects nor road building, though valuable, meet the present situation.

I presume you, Mr. Chairman, and the members of your committee, are familiar with the report on planning and control of public works, and I am not considering the question of getting credit, or getting money for this, but the physical impossibility of putting people to work at once.

This is a statement—if it has appeared anywhere else in your record, of course I do not wish to repeat it:

A statement by the Supervising Architect of the United States Treasury of the elements of procedure and time involved in a Federal building program, represents a view of normal operations, as follows:

For jobs up to \$100,000, not over 14 months.
For jobs up to \$250,000, not over 16 months.
For jobs up to \$750,000, not over 18 months.
For jobs up to \$1,500,000, not over 20 months.
For jobs up to \$2,500,000, not over 24 months.
For jobs up to \$5,000,000, not over 30 months.
For jobs over \$5,000,000, not over 36 months.

Those who advocate construction work as a substitute for relief have not realized, even if you cut the time estimates one-half, the length of time required.

Since we started the campaign for Federal relief in July, 1930, we have discussed it all over the country, and the various objections to Federal relief have not been answered, and the suffering is going on.

Whether we are going to get out of this situation without that violence which has usually accompanied such conditions in other countries where the national government has refused to act, is a matter I do not know.

Then, I point out that unemployment resulting in distress is largely due to maldistribution of the national income, and the Federal Government is a most important factor in redistributing income through taxation.

I will not go into that because I am going to take that up before the House Ways and Means Committee just as soon as we can get them to start on revenue revision, but I just checked up this morning on the preliminary figures on income, of the Department of the Treasury, which shows that for 1931 a little less than 2 per cent of the families in America had nearly one-fifth of the total income; that is, those with incomes over \$5,000. The wealthy feel that they are being taxed too heavily. I would like to put a statement into the record because it is from such a conservative source—the Chase Economic Bulletin of the Chase National Bank in New York. The statement is from a speech by Dr. B. M. Anderson, the bank's economist.

National income tax paid on salaries in United States, France, and England by married man with one child, 1932

Income	United States	France ¹	England ²	Income	United States	France ¹	England ²
\$1,000.....		\$24	\$39	\$10,000.....	\$448	\$1,998	\$2,240
\$2,000.....		98	202	\$50,000.....	8,568	18,578	22,392
\$5,000.....	\$84	709	802	\$100,000.....	30,068	40,245	52,492

¹ 25.5 francs = \$1.

² £ = \$3.20.

The national income tax is only one source of taxation. If account be taken of local and indirect taxes, the comparison shown in the table is essentially unchanged. Furthermore, if account be taken of involuntary social and insurance contributions, the burden on the average Englishman or Frenchman is even greater, as compared with the average American, who does not make such contributions. Let me add that although the German income tax rates could not be placed on an exactly comparable basis with those by the other countries, they are the highest of all, but for all but the very largest incomes, and, taking account of all burdens on the citizen, the German bears the heaviest of all.

I admit, when it comes to \$100,000, England and France are much easier on them. It has to be largely through that form of taxation on incomes and estates, including income from Government securities, and a direct tax on corporate surplus, that this relief fund must be raised.

Mr. Stuart Chase, who is very careful, in his book, *A New Deal*, quotes a noted author, Mr. Scoville Hamlin, to the effect that about one-half of the capital investment in the United States is wasted and not used.

You probably know the figures recently put out by the Department of Commerce showing the overcapacity in every line of industry, which is summarized as follows:

EXCESS PLANT CAPACITY

Gray-iron foundries average capacity operated, 1925-1927, was 48 per cent. Gray-iron foundry production was in September, 1930, 66 per cent of the normal 3-year monthly average rate. Steel-foundry operations during the biggest of all years, 1929, were only sufficient to fill the foundries to two-thirds of their rated capacity.

Steel industry operated at 60 per cent to 80 per cent of its capacity in 1929; 52 per cent of capacity as against 55 per cent in September. Average for first 9 months of 1930 was 70 per cent, as against 95 per cent in 1929, and 79 per cent in 1928.

The steel industry in December, 1929, operated at about 65 per cent of capacity. Heavy machinery builders reported activities as follows: January, 1931, 60 per cent of capacity; November, 1930, 63 per cent of capacity.

Shipyards of the country could handle 50 per cent more than they handled in 1929, without straining facilities.

Machine-tool industry operated for the 10 years ended 1929, at 65 per cent of its capacity.

Machine-tool industry operated in August, 1930, at approximately 60 per cent of capacity.

Steel-mill operations were: February, 1931, 52 per cent of capacity; January, 1931, 46 per cent; and December, 1930, 39 per cent.

Tin-plate mills were operating in 1930 at about 70 per cent of capacity.

Farm-implement industry operated in August and September, 1930, at approximately 50 per cent.

Coal industry operated in 1929 at about 71 per cent of capacity, this being better than the average for the preceding 7 or 8 years.

Manufacturing gas industry operated at about 66 per cent of its total productivity in 1929.

Cement operations for the 12 months ending November, 1930, were at 62.6 per cent of capacity, as against 66.8 per cent in the preceding 12 months.

Lumber industry operated October, 1930, at a rate of 35 per cent below this time the year before and at less than 50 per cent of capacity.

Lumber production in the second half of 1929 was below average production for the preceding three years and was about 70 per cent of the normal capacity.

Lumber and paper trades had a large overcapacity in 1929.

Pulp production in October, 1930, was at 74 per cent of mill capacity, as against 86 per cent in October, 1929, and 83 per cent in October, 1928.

Paper mills operated December, 1930, at 65 per cent of capacity.

Newsprint mills operated in January, 1931, at 69 per cent of rated capacity, as compared with 85 per cent for January, 1930.

Printing industry by actual survey estimates in 1921 was overequipped by from 50 to 150 per cent.

Oil production capacity was in 1920, 48 per cent above existing requirement. Oil refineries operated about 76 per cent of their rated productive capacity in 1929.

Gasoline refineries at the end of November, 1930, were operating at 63 per cent of capacity as compared with 72 per cent at the corresponding time last year.

Synthetic organic chemical industry in general had a capacity for production in 1929 which considerably exceeded the market demand.

Cotton textile industry had in 1929, on day and night runs, a productive capacity of somewhere between 135 per cent and 140 per cent of consumption.

Wool industry in eight years, ending 1930, but infrequently achieved 70 per cent of single shift capacity.

Woolen industry operated in 1929, at about 50 per cent of its capacity.

Wool industry, January, 1931, operated at less than 50 per cent of single shift capacity.

The knitted-outerwear machinery industry could probably produce two garments for every one sold in 1928.

Silk industry in 1929 was running far beyond the capacity of the country to consume.

In January, 1931, and December, 1930, the men's furnishings and shirt industry operated at 70 per cent of capacity, and in October, 1930, at 60 per cent.

Shoe production during 1929 was probably not over 60 per cent of capacity.

I can not prove the statement that over one-half capital invested is wasted, but I ask the privilege of putting in a brief summary of figures substantiating it.

Excerpts from *The Menace of Overproduction*, by Scoville Hamlin, published by John Wiley & Sons (Inc.), 1930.

The authorities quoted are:

Dr. O. E. Baker, senior agricultural economist, United States Department of Agriculture.

Dr. J. G. Lipman, director New Jersey Agricultural Experiment Station.

C. E. Bockus, president National Coal Association.

E. P. Salisbury, statistician Standard Oil Co. of New Jersey.

Henry P. Kendall, president the Kendall Co.

A. D. Whiteside, president the Wool Institute (Inc.).

Thomas B. Hill, president the Silk Association of America (Inc.).

Sir Henri Deterding, managing director Royal Dutch Shell Cos.

OVERPRODUCTION IN AGRICULTURE AND FORESTS

Something is radically wrong with our largest industry—agriculture. Doctor Baker goes straight to the cause. The farmers continue to produce more than they can sell at a profit. The use of marginal land for crops, instead of for timber growing and pastures, discourages the use of fertilizers. The failure to use more fertilizer encourages in turn the use of marginal land. A new national land policy is essential.

A careful survey of nearly 300,000,000 acres of land in the North Central and Southeastern United States has shown, says Doctor Lipman, that 40 per cent of it is marginal. In his opinion the farm relief problem is world-wide. When we relieve the good agricultural land from the unfair and destructive competition of marginal acres, we shall point the way to a more prosperous agriculture. Our 300,000,000 acres of arable land undergo a net loss of 3,000,000 to 4,000,000 tons of nitrogen annually.

The rate of depletion of our timber resources discourages the farmer from planting his marginal land to trees. It determines in large measure the price. The market value of pulpwood and lumber is for the most part the actual labor cost of cutting and transportation. The cost of timber growing, fire protection, etc., does not enter into the price.

When the waste of fire and excessive cutting are both taken into account, it appears that the rate of depletion is four times the rate of growth for the entire country. Only two-fifths of the original stand remains.

OVERPRODUCTION IN COAL

The real problem of the bituminous mining industry arises from the existence of excess capacity. The industry, explains Mr. Bockus, has acquired the habit of expanding to meet the constantly increasing demand. During the last decade there has been no increase in the demand. The average annual output for the three years 1917-1919 amounted to 532,000,000 net tons, while during the years 1927-1929 it was only 517,000,000 tons.

The unrestrained effort of individual operators to utilize their own capacity when conditions in the market made it certain that large amounts of capacity must go unutilized has driven the price of bituminous coal to its present unprofitable level. Low prices impose a limit upon the percentage of coal recovered in mine operations.

The British Industrial Transference Board reported in 1928 on the excess capacity in the coal industry of Great Britain. The board found that there were at least 200,000 miners permanently out of a job, and that a similar situation existed in other industries.

OVERPRODUCTION IN OIL

Competition has been carried too far. In the opinion of Sir Henri Deterding it is forcing the production of oil in excess of the world's needs. The big companies are compelled to create duplication of facilities and a corresponding waste of human energy and capital. The consuming and producing areas of the world are thrown out of balance. There is no way of balancing the rate of exhaustion of the principal sources of supply. Conservation, in the oil industry at least, is the only way to eliminate the evils of overproduction, the only sensible way to bring order out of chaos.

As in the case of so many other industries, the oil industry in this country is suffering from the overexpansion that took place during the war period. Petroleum production was greatly increased, explains Mr. Salisbury, to meet war requirements.

To-day the industry with a world market for 4,000,000 barrels daily is carrying an overhead based upon actual shut-in production of 5,950,000 barrels per day—more than 48 per cent above its existing requirements.

With daily oil production nearly always exceeding consumption, above-ground storage has been continuously increasing, and during the last seven years there has been accumulated above ground in the United States alone about 305,000,000 barrels of crude and products.

This overproduction is far-reaching in its effect. The overproduction of crude involves the overproduction of fuel oil. The overproduction of fuel oil involves the coal and oil industries in wasteful competition. And waste in production involves waste in distribution.

OVERPRODUCTION IN THE TEXTILES

The war-time demand for cotton goods, says Mr. Kendall, was so great that every mill could sell its output at a profit, and production was accelerated tremendously, especially in the South where labor laws permitted night operation. The long hours of work in cotton textiles have been one of the main roots of overproduction.

Depressions in the cotton-textile industry have recurred with such insistence that they may be said to have become chronic. On day and night runs the industry has a productive capacity of somewhere between 135 and 140 per cent of consumption.

It is futile to debate whether the troubles of the industry are due to overproduction or underconsumption, as long as goods are produced in such quantities that they can not be absorbed into the stream of demand at prices permitting of a fair profit.

The potential capacity of the wool industry, says Mr. A. D. Whiteside, exceeds current demand by a wide margin. In 1927 the consumption of woolen and worsted fabrics amounted to approximately \$656,000,000, as compared with a maximum manufacturing capacity of \$1,750,000,000 at current prices.

Potential production for the weaving and spinning divisions of the woolen and worsted piece goods and yarn divisions of the wool industry furnish a rough measure of excess capacity.

Weaving division:		1929
Potential production.....	\$1,465,000,000	
Actual consumption.....	\$550,000,000	
Per cent.....		37.5
Spinning division:		
Potential production.....	pounds..... 232,000,000	
Actual consumption.....	do..... 83,109,139	
Per cent.....		35.8
Wool-machinery activity—combs:		
Per cent of activity to total, 1924.....		73.7
Average for 12 months, 1928.....		66.4

Source: United States Department of Commerce.

In the years during and immediately after the World War, says Mr. Hill, mills were started in hundreds of small villages, throughout the State of Pennsylvania particularly, and through the New England States. It was during these years that silk manufacturers found themselves in the same position as many other groups that were bending all their energies to meeting demand by improved methods and machinery, increased plants, multiple shifts, and all the other factors utilized in speeding up production of this type of merchandise.

The industry must find an answer to the problem of adjustment of mass production to a product controlled by style.

OVERPRODUCTION IN THE AUTOMOTIVE INDUSTRY

The automotive industry of the United States maintains a reserve capacity that is far in excess of normal requirements. Notwithstanding this potential capacity, plant is still increased and production schedules are boosted in the belief that sales will keep pace with the increase in volume.

In the plans of the Ford Co. for production of facilities in 1930 more than \$20,000,000 was to be spent for new buildings and additions to plant, and more than \$10,000,000 for equipment. Packard's plans called for the addition of 375,000 square feet of floor space; Hudson, 40,000 square feet; Oldsmobile, 35,000 square feet, etc.

The potential output of the automotive industry is probably inflated in proportions not far different from those of many of our other industries, such as coal, oil, agriculture, etc. It is the excess of potential capacity in all our basic industries which constitutes the depressing factor in modern business.

Automobile manufacturers are well enough informed regarding the volume of sales, but lack information as to the rate of expansion of their competitors, or the rate of expansion of other industries.

While the largest actual monthly output multiplied by 12 gives our only index to the theoretical possible output, actual output would have to be somewhat smaller. In the automobile industry changes in models necessarily slow down production. Continuous operation would call for larger storage facilities.

Based on the output for April of last year, the automotive industry had a theoretical capacity of 8,000,000 units. This is nearly twice as many as have ever been produced or sold in a year. Competition, under these conditions, fails to encourage a distribution of the increasing demand between existing plants.

It may very well be that in the course of time the automotive industry in this country will grow up to its present probable capacity of 8,000,000 units per year; it may exceed that number. But we can not afford to disregard the simple fact that the production of motor vehicles in the United States, Canada, and Europe in 1929 totaled only 6,295,352. The United States alone had the capacity to supply more than the world's requirements.

Factories in the United States and Canada were responsible for more than 89 per cent of the world's total production of motor vehicles in 1929, as compared with 88 per cent in 1928. To conclude that this percentage will continue to increase, or even be maintained, is to discourage the growth of manufacturing abroad.

In the last analysis the automotive industry is only entitled to a proportion of the total income spent for food, clothing, etc. To anticipate more than its rightful share of income is sure to induce wasteful competition between industries and nations.

OVERPRODUCTION IN OTHER INDUSTRIES

The Federated American Engineers Society in its study of Waste in Industry found idle capacity in many of our industries. The committee was agreed that

productive capacity should be conservatively based upon careful study of normal demand. Uniform production was advised as a way of coping with and satisfying nation-wide variation in demand. This could be attained through storing in slack times and releasing in boom times.

The potential capacity of our shoe plants was very large. With a capacity of 1,750,000 pairs of shoes per day, the average production was about 977,000 pairs for a 300-day year. The overequipment in the printing industry amounted to over 50 per cent. This represented hundreds of millions of dollars of idle equipment, to say nothing of other overhead charges. The committee found that 750,000 workers in the coal-mining industry were idle during a substantial portion of the year.

The steel industry in the United States has a rated capacity of 62,265,270 tons of ingots per year. Last year showed a record output of 56,433,473 tons. The United States Steel expansion program for this year comprised more than one-half of that of the entire industry. An averaged expansion of 1,200,000 tons has been realized by the entire industry for the past 30 years. This year's expansion program called for 4,000,000 tons.

Mr. Leonard Kuvin estimates that the steel industry operates at 60 to 80 per cent of its possible capacity. In the February issue of the Taylor Society Bulletin, he draws attention to a number of estimates of idle capacity in other industries. Mr. E. F. Du Brul estimates that the machine tool industry has operated for the past 10 years at an average of 65 per cent. Dr. Joseph E. Pogue conservatively estimates that the oil refineries of the country operate about 76 per cent of their rated productive capacity. Mr. H. E. Bates estimates that the manufacturing gas industry operates at 66 per cent of its total productivity. In a recent report of the Federal Trade Commission, Edmund Brown, jr., estimates the total productive capacity of the Nation's flour mills at two and a half times their greatest production.

In the study of performance standards the American Engineers' Society found a wide difference between the standards in the best and average plants. There were boot and shoe factories where the output was 2 pairs per man per day, and others where it was 12 pairs. There were blast furnaces where it took one man an hour and 12 minutes to produce a ton of iron, and other blast furnaces where it took one man 11 hours to produce a ton. There were sawmills where the output was 15 board feet per man-hour, and others where it was 323 board-feet.

The Federal Bureau of Labor Statistics are quoted by James O'Connell and John P. Frey, for the statement that if all blast furnaces were as efficient as the most efficient the present production of pig iron could be attained by the work of 3,000 men instead of 28,000; similarly, 45,000 men could then do the work now being done by 292,000 men in sawmills; 420,000 miners could do the work now requiring 750,000, and 80 per cent of all brickmakers now employed would be out of a job if the brickmaking machine producing 49,000 bricks per hour with one worker became universal, while if all boot and shoe factories operated as efficiently as the best equipped, 28,084 workers would turn out the same amount now done by 196,585 workers.

Some authorities in this country estimate that our machines are idle over 30 per cent of the time. Mr. Wallace Clark estimates that the plants in which he has been engaged at various times operate at 40 to 60 per cent of their productive capacity.

I should like to read this letter dated December 13 from the Department of Commerce. I wrote the Secretary to find out what capital investment was necessary now or whether instead of saving for capital investment we should not put our funds into increasing the consuming power of the public.

I would like to quote his very significant letter:

It has been estimated that capital investments in machinery, buildings, engineering projects and the like, approximated \$15,000,000,000 in 1929, and for 1932 is probably running at less than 25 per cent of that huge total. Perhaps the only way to answer your question is to leave it to you to determine where on the business cycle 1933 will be found, but the capital needed during that year will probably be between those wide limits.

It is very obvious that we do not need to put any very large amount into capital investment when the existing plants of various kinds have from two to three times the productive capacity of the possible

consuming ability of the American people plus probable foreign markets, and, with these figures, which of course were carefully compiled, I think we have the complete picture there answering the people who say we have got to save for commercial investment.

We want to make three specific suggestions with reference to the Costigan-La Follette bill.

First. That the amount be raised to \$1,000,000,000 to be made available this year.

Second. That in view of the utterly inadequate standards of relief hitherto adopted in every State, and not necessarily because they do not want to have an adequate standard, but perhaps through inability to meet it, that your appropriations through the board which you set up, shall be upon the basis of need, regardless of what has been done in the past. If it is not on that basis, as we construe your bill and, please correct me if I am in error, you are practically limited with a few exceptions to following the amount given or the standard of relief, accepted in the past, which is not your purpose.

I realize that maybe that is all you can get through, but if it is feasible, and I think you will find that the organizations throughout the country, many of them rather silent on the question of Federal relief last year, will support you in what we know it is your desire to do, make it possible for the Federal Government to see that we have and adequate standard of relief.

The third proposal is that you do this not by loans but by taxes, and I realize that that may have difficulties. I do not need to say that we will support the bill if you do not get this through, or accept these amendments. We will back the bill to the limit, but we feel that this should be suggested because, in the last war in which we engaged, we went in debt. It was a war to make the world safe for something or other. This time we know what our war is. It is a war against special privilege here. If we run in debt again, we shall be in a more desperate situation.

The last report of the Secretary of the Treasury shows that the increase in the interest payments by the Federal Government over a period of two years (1932 to 1934) is nearly \$125,000,000, or nearly the total amount that the Reconstruction Finance Corporation has disbursed for relief. That shows what going in debt means.

The Reconstruction Finance Corporation through relief agencies has distributed roughly \$130,000,000, and the Federal Government will be paying about \$125,000,000 more in interest, not to the poor but to concentrated wealth because it would not tax adequately.

I will point out also that this \$1,000,000,000 we ask is less than \$80 per unemployed person. It is a little less than \$80 per unemployed person.

I have here two tables, Mr. Chairman, published in The Business Week by the McGraw-Hill Publishing Co., The American Consumer Market, compiled, I think, by Dr. Virgil Jordan, their economist. To my mind it is a most extraordinary proof of the absolute necessity for your bill. It analyzes the expenditures and savings of all families with varying budgets in 1929, under \$1,000, \$1,000 to \$2,000, \$2,000 to \$3,000, and up to over \$1,000,000. I would like to point out certain facts and I will insert these tables as follows:

TABLE 21.—Distribution of consumer expenditures, by income groups, 1929

Income group (thousands)	Goods and services (millions)	Taxes (millions)	Savings (millions)	Spent outside United States (millions)	Total domestic (millions)	Per cent of total
\$1,000 and over.....	\$87	\$236	\$1,045	\$207	\$1,161	1.31
\$500, under \$1,000.....	95	182	567	241	553	.54
\$300, under \$500.....	127	126	518	320	451	.44
\$150, under \$300.....	523	209	563	284	1,011	.99
\$100, under \$150.....	481	138	335	312	642	.63
\$50, under \$100.....	1,268	285	712	326	1,939	1.89
\$25, under \$50.....	2,002	250	969	336	2,885	2.81
\$10, under \$25.....	4,529	211	1,326	343	5,718	5.58
\$5, under \$10.....	5,614	169	941	239	6,485	6.32
\$3, under \$5.....	9,205	197	1,821	284	10,939	10.67
\$2, under \$3.....	12,004	232	1,455	260	13,431	13.10
\$1, under \$2.....	35,506	347	1,806	303	37,356	36.44
\$1 and under.....	17,633	153	485	89	18,182	17.73
Institutions.....	1,799			29	1,770	1.73
Total.....	90,873	2,685	12,543	3,578	102,523	100.00

TABLE 23.—Expenditure budgets of American consumers, by income groups, 1929

	\$1,000 and under	\$1,000, under \$2,000	\$2,000, under \$3,000	\$3,000, under \$5,000	\$5,000, under \$10,000	\$10,000, under \$25,000	\$25,000, under \$50,000	\$50,000, under \$100,000	\$100,000, under \$150,000	\$150,000, under \$300,000	\$300,000, under \$500,000	\$500,000, under \$1,000,000	\$1,000,000 and over
Food.....	P. ct. 33.5	P. ct. 32.2	P. ct. 20.7	P. ct. 14.8	P. ct. 10.4	P. ct. 7.6	P. ct. 4.1	P. ct. 2.2	P. ct. 1.8	P. ct. 1.7	P. ct. 0.6	P. ct. 0.4	P. ct. 0.2
Housing.....	18.5	15.8	14.3	17.4	24.4	21.7	19.6	25.5	26.3	18.5	5.4	3.9	1.8
Transportation.....	14.4	15.8	16.0	10.8	8.8	8.1	7.1	4.4	4.3	4.0	1.2	.6	.2
Savings.....	2.7	4.8	10.6	16.2	14.0	21.9	30.1	31.4	35.1	43.5	67.2	71.3	76.5
Personal.....	9.0	8.8	12.8	13.6	15.8	12.0	8.2	6.2	3.7	2.2	1.0	.5	.2
Clothing.....	11.6	10.8	10.1	8.3	6.4	3.5	1.8	1.1	.8	.9	.3	.1	.1
Recreation.....	2.3	3.2	5.3	7.5	9.5	10.4	12.2	8.6	6.9	7.0	3.2	1.7	.6
Health.....	2.2	2.6	3.0	5.0	3.2	5.0	3.1	2.5	1.5	1.1	.7	.4	.1
Social activities.....	1.5	2.1	2.3	1.5	1.6	1.7	2.2	2.5	2.6	2.5	2.8	3.6	2.7
Taxes.....	.8	.9	1.7	1.8	2.5	3.5	7.8	12.6	14.5	16.1	16.3	16.7	17.2
Education.....	1.1	1.7	2.5	2.9	3.2	4.5	3.7	3.0	2.4	2.4	1.2	.8	.4
Civil.....	2.4	1.4	.8	.2	.2	.1	.1	(1)	.1	.1	(1)	(1)	(1)
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

¹ Less than 1 per cent.

These tables show that in 1929, on the three items, food, housing, and transportation, families with incomes under \$1,000 spent 66.4 per cent, families with incomes of \$1,000 to \$2,000 spent 63.8 per cent, and those with incomes of \$2,000 to \$3,000 spent 61 per cent of their income, while families with incomes of \$500,000 to \$1,000,000 spent only 4.9 per cent, and those with incomes over \$1,000,000 spent 2.2 per cent.

On food and housing the respective percentages were 52 per cent, 48 per cent, 35 per cent, 4.3 per cent, and 2 per cent. Families with incomes of \$1,000,000 and over spent in 1929 only \$87,000,000 for goods and services and saved \$1,045,000,000, while families with incomes of \$3,000 or less, spent for goods and services \$65,143,000,000, and saved only \$3,746,000,000.

Families with incomes over \$1,000,000 saved twelve times as much as they spent for goods and services, while families with incomes under \$3,000 saved only about one-eighteenth of what they spent for goods and services.

There is only one other point that I would like to refer to and that is that the principle of the Costigan-La Follette relief bill has been recognized by this very careful report on medical care for the American people, just made, as you know, by a committee of which Secretary Wilbur was chairman, and it is very significant that, although there are a few reservations, the majority of the committee have advocated Government provision of medical care and, while there were minor differences of opinion, here is what they say as to Federal aid:

In the least prosperous section of the country, particularly those areas where pellagra, hookworm, malaria, typhoid fever, and tuberculosis raise the morbidity and the mortality rates, and where the people have pitifully small money incomes, the Federal Government should enable State and local governments to provide a basic minimum of good medical care.

Mr. Chairman, most of those diseases are attributable, not all and not completely, but in large measure, to inadequate income and inadequate standards of food.

The Costigan-La Follette bill is infinitely more important to see that these people get adequate food than the proposal that when they are the victims of the conditions over which the Federal Government has absolute control, the Federal Government should help the cities, counties, and States to take care of those victims.

Mr. Chairman, we want to express our appreciation to you for having given us this rather long time to present our arguments for this bill. Of course, you realize that all of the figures I have quoted are Government figures, or those of very conservative organizations, and we sincerely hope that you can get this bill enacted and if there is any way we can help you to do so we will be glad to do it.

We trust you will at least request \$1,000,000,000 and let the opposition come from those in both branches of Congress who think the Federal Government has not responsibility in this situation.

I would suggest that the election last fall, while not determining anything except discontent, served notice upon all those in political life that the American people have an absolutely changed conception of the responsibility of Federal Government and the Costigan-La Follette Relief bill, is an effort sincerely to meet the responsibility of the Federal Government through relief as the only immediate practical method of meeting the situation while we are working out at least a semi-intelligent reorganization of our economic system.

Thank you.

The CHAIRMAN. Thank you, Mr. Marsh.

The committee will stand in recess until 10 o'clock Saturday morning.

(Whereupon, at 2.55 o'clock p. m., the committee recessed until 10 o'clock a. m., Saturday, January 7, 1933.)

FEDERAL AID FOR UNEMPLOYMENT RELIEF

SATURDAY, JANUARY 7, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE
COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee met, pursuant to the recess of Thursday, at 10 o'clock, a. m., in room 212, Senate Office Building.
Present: Senators La Follette (chairman) and Costigan.
The CHAIRMAN. The subcommittee will be in order.

STATEMENT OF PAUL V. BETTERS, EXECUTIVE DIRECTOR AMERICAN MUNICIPAL ASSOCIATION, CHICAGO, ILL.

The CHAIRMAN. Mr. Betters, will you please give your full name, address, and present position?

Mr. BETTERS. Paul V. Betters, executive director American Municipal Association, which is the national federation of State leagues of municipalities, Chicago.

The CHAIRMAN. Are those two different associations?

Mr. BETTERS. No, sir; the latter is an explanatory term, because the name "American Municipal Association" is not very descriptive.

The CHAIRMAN. What is the nature of that organization?

Mr. BETTERS. The nature of that organization is as follows: It is the national federation of 25 State leagues of municipalities, such as the Wisconsin League of Municipalities, the New York State Conference of Mayors, the Kentucky Municipal League, and 22 other similar organizations, the total membership of which, as represented in my organization, is 5,000 cities.

The CHAIRMAN. In connection with that work, have you become familiar with the fiscal situation that confronts these cities?

Mr. BETTERS. We have been forced to deal more or less with not only the fiscal situation, but with the welfare situation by reason of this fact: As you know, only eight States in the United States have established State welfare programs; consequently, a major part of the financial burden of unemployment relief has been borne by the American cities, except in some cases where emergency relief is a county function administered by the county government. In the administration of this acute condition the cities have been forced to carry the major burden.

As a result of this, the leagues of municipalities have been forced into a very important and, in some States, a paramount position, in connection with emergency relief. For instance, in Minnesota, the director of the league is the Federal relief administrator. In Kansas, the director of the Kansas municipal relief is the relief administrator in the governor's administration.

The association has actually assisted a number of States in setting up a State welfare program. I think that explains the relationship we have had between the national organization, the States, and the leagues particularly.

The CHAIRMAN. Will you please proceed in your own way to give this committee any data which you may have bearing on this general problem?

Mr. BETTERS. If I should be permitted to do so, my testimony will not deal with the two things generally presented to the committee. First, I think it is unnecessary to prove the relief needs of the United States to-day. The facts placed before the committee by numerous technical welfare experts have amply demonstrated that point; secondly, I think it is unnecessary, in view of the preliminary testimony which has been given and testimony which will follow this morning, to present to the committee the absolute necessity and desirability of the Federal Government actually accepting some financial responsibility for unemployment relief.

Unless the present relief act—and I refer to the emergency relief reconstruction act of 1932—is amended, and amended immediately, it is impossible to predict the financial consequences affecting American cities.

I would like my testimony to be directed particularly to the necessity of amending the present act. Prior to that, however, I wish to inform the committee, that as the result of special action by the executive committee of this association, I am authorized to approve, in principle, on behalf of the American municipalities represented in this organization, the La Follette-Costigan relief bill. That action was taken this past week, prior to my testimony before the committee.

It seems absolutely imperative that the present Federal aid for relief be changed from a loan basis to a direct grant basis for a number of reasons. We particularly feel that the loan basis was bad enough as passed in the compromise emergency measure last summer, but when the loan basis was tied up with the Federal highway allotment advances most disastrous consequences have occurred in many States. I do not like to burden the committee with facts to present that thesis, but I think—

The CHAIRMAN. I think it is very pertinent and I would be glad to have you go into it.

Mr. BETTERS. As the committee well knows, Federal aid for highways is spent entirely on rural roads. Not one cent of Federal aid reaches cities in spite of the fact that New York City, for illustration, has several hundred miles of city streets which are a part of the Federal-aid highways.

For instance, the city of Richmond, Va., which is a comparatively small city, has over 40 miles of streets which are part of Federal-aid highways.

I want to bring out that all Federal-aid road funds are limited by the Federal act solely to rural highways. As a result of that situation, when the Federal act was passed and when the \$300,000,000 was authorized by Congress, it became necessary for governors under the law to apply for loans. Such loans were to be repaid by State governments out of future Federal-aid allotments, beginning in 1935.

I know of three States where the governor planned on applying for a Federal loan for unemployment alone and when the highway,

concrete, asphalt, brick, and road interests in that State learned of that situation they descended upon the governor and attempted to influence him in every way not to request a loan for this purpose; that is if the State did get a loan it meant they would build less rural roads after 1935. I also want to point out, in addition, that the relief needs are usually in the large American metropolitan areas, such as Chicago. Naturally the governor is in a very precarious position. He does not like to apply for a loan in behalf of a large city when he is politically responsible to a rurally dominated State. The result is that many Governors have acted very tardily in behalf of loans for their States because of the tremendous pressure brought by rural communities in the States who see their road program jeopardized after 1935.

The CHAIRMAN. Do you think that accounts, in a substantial measure, for the failure of many governors to apply for any assistance under the terms of the emergency relief act?

Mr. BETTERS. I know it has accounted for delay in applications. As you know, the R. F. C. did not authorize any loans until the early fall months. It accounts for that delay.

Secondly, it accounted for the policy in one or two States, which I think is most serious—and I can not emphasize my criticism of one or two governors any too much—in shifting the application from section C to section E; in other words, when the city applied to the governor for relief, the governor said, "I can not apply for funds because it is going to mean less roads for a great many of my constituents, but I will do this for the city: I will act as administrative agent for the cities, and handle your needs under section E." Of course I do not have to amplify on the situation under section E.

The other criticism of the loan basis, aside from the tying up of this Federal fund with the highway allotment, is this: The present emergency relief act makes it almost mandatory that almost every State take the pauper's oath before they can get funds. I know that that has had quite an influence, and Governor Lehman's message to the New York Legislature this week certainly pointed out that unless the Federal relief act is changed immediately, New York State is not going to take the pauper's oath to get loans.

The plight of Massachusetts is very serious, especially Boston. The same is true of Connecticut cities, and I want to bring this to the attention of the committee, that no New England State, except New Hampshire, has applied for Federal aid and the only reason they have not applied is that the conservative New England States are not willing to take the pauper's oath which they believe they must take. I am not sure myself that the Federal act requires them to take it, although they feel that it does. They have naturally a reticence in applying for loans on that basis. While that is happening, the people in Boston and other cities are in desperate circumstances. The situation is so bad that the New York State Conference of Mayors has petitioned Congress to authorize Federal reserve banks to lend money for emergency relief purposes from Federal reserve bank funds. The cities are in a position to incur debts for relief purposes, and they are willing to do so until the Federal act is enacted.

The third unwise, and I think very unsatisfactory situation, in regard to this loan basis is the fact that the Reconstruction Finance

Corporation has taken, in my opinion, a very unsound position with regard to the forcing of States to adopt additional taxes on the basis that the States are not doing enough to meet their unemployment relief conditions.

For instance, in the State of Illinois, it is the feeling of the political leaders of the State, that unless the State imposes additional taxes immediately no more relief will be forthcoming.

Now, unfortunately, the only type of taxes which the State of Illinois can turn to at the present time is a sales tax. If a sales tax is passed in the State of Illinois it means the pushing back 5 or 10 years of the development of any sound, balanced revenue policy for the State. What the State needs is an income tax. If they pass the sales tax they will forego the income tax for many years. The reason they can not pass it now is because of a constitutional restriction.

If we are to have this situation whereby the Federal agency can step in and say a State shall pass a certain kind of tax, I think we will have developing in the States tax systems which will ultimately wreck the whole financial systems of the States. This statement is given to you as the result of a study of the financial aspects of the relief situation.

I have never been able to find any basis whereby a Federal agency or any other agency can tell a State whether or not it is receiving enough money. What if the wealth of the State is not there? A tax, if imposed, may decrease revenues. There are so many problems involved, that the idea of attempting to force a State into new sources of revenue, such as the sales tax within a State, are very unwise, and I do not speak so because I am necessarily opposed to a sales tax, but I speak from the view of trying to work out a balanced tax system for the various State governments.

Those criticisms that I make apply to section C of the Federal relief act.

If I should be permitted to do so, I should like to turn now to what I consider the most serious aspect of the Federal relief act, to this section E.

I believe that unless section E is repealed immediately, regardless of whether or not the La Follette-Costigan bill is passed, that we are going to have in our American cities, particularly some cities that have gotten funds under section E, defaults which will not only impair municipal credit in the United States, but the whole general credit situation. I can not see that a default in a city of the size of Detroit is going to have no effect other than within the boundaries of the city of Detroit. It will affect the whole financial credit of the United States.

Section E provides, as you know, that municipalities which need relief can secure relief if they post with the Reconstruction Finance Corporation bonds or collateral of some kind; in other words, all that section E does is to, in the first place, enable a State completely to escape any responsibility, such as Governor Brucker of Michigan did for some time. In other words, when the first unemployment relief application was presented to the governor, the need was demonstrated; the lack of resources was demonstrated, but the governor refused to act in behalf of the city of Detroit and said: "I will do nothing; but what I will do is turn your application over to the Reconstruction Finance Corporation and you can get the funds under section E," with the result that the city of Detroit was forced to issue bonds to

post this collateral and while I am not intimately familiar with the finances of the city of Detroit, I do feel this, that any additional bonds issued by the city of Detroit for relief purposes will have a most disastrous effect upon the whole financial situation in that municipality.

Section E gives the governor opportunity to completely shift responsibility back to the local government. I do not think Congress intended that, and I do not think section E was written in for that purpose at all. But that is how it has worked out. It has worked out that way in Washington, with a very large and substantial loan to the city of Seattle; it has worked that way in Michigan, Flint being required to take loans under section E by reason of the State's refusal to do anything on its part to help meet the situation.

Now the third aspect of section E is that it discriminates in the treatment of cities as between States. For instance, when the city of Detroit got its loan, it got it under section E, and it had to post collateral, and ultimately those bonds will have to be borne by the general property owners of the city of Detroit, and it has added to the burden of the home owners in Detroit. On the other hand Chicago, by reason of a different attitude on the part of Governor Emerson of that State, has gotten funds for the State of Illinois under section C and 90 per cent of them have gone to Chicago; in other words, 90 per cent has been placed in Cook County. Just because Chicago happens to be in Illinois and just because Detroit happens to be in Michigan and we have two governors with varying ideas of State responsibilities, one city is forced to issue bonds for relief, whereas another city gets funds for relief purposes, with the State accepting some responsibility.

We are accustomed to thinking of State boundaries and of States as sovereign agencies; yet unfortunately, with this varying attitude of the 48 governors, it has resulted in inequitable conditions as between cities in various States; in other words, simply because the governor of one State takes a certain point of view, the cities in that State must issue bonds, while, within 50 miles away, because a governor in another State takes a different point of view, that city does not have to issue those bonds.

The fourth point, in regard to section E of the act, is that it merely accentuates and stimulates bankruptcy in our American cities; in other words, the Reconstruction Finance Corporation purchases bonds which no reasonable banker would purchase, knowing the financial condition of the cities. Detroit could not sell its relief bonds to any reasonable banker; consequently, it had to go to the Reconstruction Finance Corporation, and although authorized to do so, it has stimulated financial chaos in those cities which have applied under section E.

I should mention, in summarizing this testimony in regard to section E, that fortunately most loans have been made under section C, but I do not think that is any reason why the necessity of the immediate repeal of that measure should not be considered by the committee. Even under section C—and I do not believe this has been made public even in Washington—some States which have gotten funds under section C are compelling municipalities and counties to make contracts with the State that they will repay the money to the State within a certain period. In other words, when Detroit secured its second loan, Governor Brucker made the city of Detroit make a con-

tract with the State that it would repay the money to the State. Therefore, the total burden of relief expenses has become a burden on the home owners of Detroit.

I know of one or two other instances of other States where the State government is taking that attitude, that they will make the localities pay, and that has come about by reason of the importunate and influential pressure of the road interests who desire to see their roads grant not decreased.

Senator COSTIGAN. Do you know how many loans have been made under section E?

Mr. BETTERS. I do not have the figures, Senator. I have the information the Reconstruction Finance Corporation issued as of January 1, giving the total. It amounted to a substantial sum. The first Detroit loan was \$1,800,000. The first Seattle loan was \$600,000. Those are fairly substantial amounts which have to be repaid.

Advances for unemployment relief made by Reconstruction Finance Corporation to and including January 5, 1933

State	Under sec. 1 (c)	Under sec. 1 (e)	Total
Alabama.....	\$528,704		\$528,704
Arizona.....	506,200		506,200
Arkansas.....	2,743,708		2,743,708
California.....			None.
Colorado.....	2,201,048		2,201,048
Connecticut.....			None.
Delaware.....			None.
Florida.....	2,668,153		2,668,153
Georgia.....	486,084		486,084
Idaho.....	631,095		631,095
Illinois.....	25,723,228	\$5,770,000	32,493,228
Indiana.....	1,775,404		1,775,404
Iowa.....		87,800	87,800
Kansas.....	1,805,995		1,805,995
Kentucky.....	2,552,458		2,552,458
Louisiana.....	4,751,233		4,751,233
Maine.....			None.
Maryland.....			None.
Massachusetts.....			None.
Michigan.....	9,385,220	2,116,000	11,501,220
Minnesota.....	1,351,843		1,351,843
Mississippi.....	2,739,425		2,739,425
Missouri.....	1,158,118		1,158,118
Montana.....	1,037,438		1,037,438
Nebraska.....			None.
Nevada.....	119,267		119,267
New Hampshire.....	667,420		667,420
New Jersey.....			None.
New Mexico.....	90,800		90,800
New York.....			None.
North Carolina.....	1,386,000		1,386,000
North Dakota.....		100,680	100,680
Ohio.....	6,175,929	3,472,901	9,648,830
Oklahoma.....	2,178,308		2,178,308
Oregon.....	238,538		238,538
Pennsylvania.....	26,705,446		26,705,446
Rhode Island.....			None.
South Carolina.....	135,200		135,200
South Dakota.....	1,393,065		1,393,065
Tennessee.....	789,036		789,036
Texas.....	4,135,134		4,135,134
Utah.....	1,998,589		1,998,589
Vermont.....			None.
Virginia.....	2,113,206		2,113,206
Washington.....	553,700	1,075,000	1,628,700
West Virginia.....	4,610,571		4,610,571
Wisconsin.....	8,304,770		8,304,770
Wyoming.....			None.
Hawaii.....	307,435		307,435
Puerto Rico.....	360,000		360,000
Total.....	124,308,798	13,623,381	137,932,179

The two criticisms in regard to sections C and E both lead to this general feeling that under our present system of relief to-day we have 48 different ideas of how relief should be administered and 48 different ideas as to who shall pay for it. I think it is almost imperative on behalf of the cities that we get some uniformity from Washington both in regard to the financial situation and in regard to relief needs. For instance, not 1 cent of the Federal funds advanced to the State of Virginia, in behalf of Virginia counties, and cities, has been used for direct relief. Governor Pollard of Virginia has taken the position that such funds should be used only on work relief. You can not use all those funds on work relief. It is impossible to find work for everybody, especially when one-third of the population is unemployed. For instance, in one village of Wisconsin there is only one person employed and in Racine and Kenosha one-third are on relief. It is impossible to provide work relief when the general level of unemployment is so high. So, without any direct control by the R. F. C. over relief administration in the States, in the State of Virginia, the cities are prevented from giving direct relief and are forced to find work relief projects which are, in many instances, unnecessary, in order to get Federal funds.

Not only that, we have some States where the governor absolutely refuses to apply for relief even though necessary. I do not know why Governor Bryan has not applied on behalf of Nebraska. I know there is need in Omaha and other cities, but under the Federal law it is all up to the discretion of the governor. I think that is a responsibility too centralized, in view of the number of starving people. The relief afforded under the La Follette-Costigan bill is necessary by reason of this situation.

I do want to mention, in passing, that some governors have taken a very social-minded point of view. Some of the first States to apply for relief realized the necessity for such an attitude, such as Wisconsin. Illinois, also, has taken a very liberal point of view. However, generally speaking, unless we get some uniformity, we will retain these 48 different ideas of relief.

The other point in regard to necessity for Federal relief is the fact that this policy of hand to mouth advances by the R. F. C. is most detrimental to any systematic planning on the part of local authorities. For instance, in Chicago, every two months there is a crisis and the press blazons out, "No more funds available for relief of the poor." Think of the effect on the morale of the people who do not know whether they will get any food for the next month! The result is that every two months Mayor Cermak and Mr. Ryerson tramp down to Washington and get another allotment and go back and feed the people for another two months and then have to repeat the performance.

I think if we are to get any constructive planning on the part of local welfare people, we have to get over the idea of month to month and bi-monthly advances on the part of the Government. That is exactly what the La Follette-Costigan relief bill would do. It would completely eliminate that very disastrous consequence.

Now, if I may be permitted to do so, I should like to mention briefly just what have been the two major effects on the cities in this acute relief situation. The first is the financial effect and the second is the effect on the functioning of city governments in providing essential services to citizens.

The financial effect has caused several things; first, an unwise issuance of bonds for relief expenditures. From the point of view of any sound financial planning in the United States, I think everybody who has given any thought to relief spending in cities is of opinion that the issuance of bonds for current expenditures is unsound, and yet millions of bonds have been issued by the cities to meet relief needs.

Strangely enough, in Michigan the legislature authorized the cities to issue bonds and the State Supreme Court upheld it, saying that unemployment was a calamity, and under the guise of a calamity Michigan cities could issue bonds.

If we are to continue to permit municipalities to issue bonds, we are going to have a most serious credit situation facing our American cities. There are already a number of defaults and there will be many more. As a matter of fact, defaults are impending to-day. The situation is so bad that we have petitions from a number of our leagues, from a number of our American cities, to petition Congress to authorize the R. F. C. to purchase refunding bonds of municipalities because the banks can not buy them. The city of Chicago last week, as the result of fair consideration by the bankers of that city, authorized a refunding plan for the city of Chicago of \$24,000,000 worth of bonds which came due on January 1. If the bankers had not done that, there would have been complete financial chaos in the city of Chicago.

In the city of Detroit some \$20,000,000 worth of bonds came due in January, and it was necessary for a special session of the legislature to be called to authorize the refunding of those bonds.

This situation is becoming so bad, with bonds coming due, that cities have come to the conclusion that some method must be worked out to continue payment of the bonds. If we are to continue issuing relief bonds, I hesitate to say what the effect will be on the credit situation facing the cities.

Now the most important effect, aside from the financial effect, has had to do with the crippling of essential services to our cities. It is almost unbelievable the steps that have been taken by our American cities to retrench.

That has been necessary for two reasons: In the first place, there has been a definite demand for economies in the United States which has, in many places, resulted in the storming of city halls and county courthouses. The people demand retrenchment in cost of Government, but the unfortunate part has been that they are forced to retrench when relief expenditures were increasing, at the expense of other functions of Government, with the result that such functions as education, libraries, parks, recreation, fire, and police services have been crippled very definitely.

The CHAIRMAN. I am very interested in that aspect of the situation. Could you give us a little more detailed information on that point?

Mr. BETTERS. I can only say to you, and point out one or two cities where some results of that retrenchment are noticeable. I think Mr. Chatters presented it in previous testimony—first in the issuance of scrip and nonpayment of salaries. For instance, employees of the city of Chicago are permitted to be on the relief rolls, even though employed, because they have not gotten their salaries. In other words, they are fully employed, but are permitted to apply for relief.

That situation is one that I see no justification for—a man being employed and yet required to be placed on the relief rolls. Furthermore, there have been instances of policemen resigning to get their pensions rather than remain in the service. Their pension is certain, and they would rather resign and take \$100 certain, than stay on with a \$200 salary and be uncertain of receiving it.

Just recently, two weeks ago, there appeared in the city of Chicago a publication by the American Library Association which contained the most disastrous tales about how library services have been curtailed as the result of the demand for economies. I want to mention one thing, that here, in this very chaotic condition in the United States, with people unemployed, these useful social services should be carried on unless we are to see the morale of the people dropping continually. People need libraries and parks, and we are doing in the United States, by the crippling of these social services, just the exact opposite that England is doing.

Last summer I visited England, and one point brought out by the Lord Mayor of several cities was that in times of depression the Government must carry on the social services more than ever. In England they have stimulated them. In England you will find in the cities and in the central government they have built workshops where workmen can go, and have done a number of other things.

I can not emphasize too much that our schools, our parks, our libraries and our recreational centers and even our essential safety services, such as fire and police, have been affected most seriously by reason of the demand for retrenchment which the cities have been forced to meet.

I think the present relief bill before the committee is the most sane bill that can be drawn, and especially so in regard to distribution. For instance, the need in the United States is now pretty general. The 40 per cent allotment to States would meet the need generally throughout the United States and would be equitable, I believe, by reason of the fact there is practically no State which does not need Federal funds.

In the second place, I think the Federal relief act by setting up the emergency section of the bill does offer a real opportunity for the really distressed areas, such as large metropolitan centers, to secure the funds which they need, in addition to the allotments under the 40 per cent section.

While the two-thirds restriction as embodied in the act may be unwise in specific instances, where a locality has absolutely exhausted its resources and can not do anything more, by reason of the strait-jacket in which the city finds itself in regard to levying additional taxes, if the Federal allotment is limited to two-thirds of the local expenditures, it may be insufficient, but I think generally speaking even that section would work out satisfactorily.

Senator COSTIGAN. Do you know of any instance where it would be insufficient?

Mr. BETTERS. I do not know what Chicago can do in raising any additional funds.

Now, as for the State, the State government could raise additional funds, but the type of funds and type of taxes which it should levy in order to have a balanced tax system, are ones which can not be

increased or legislated upon in an emergency. They require constitutional changes.

I do not know whether the State of Wisconsin can make further increases. It has gone the limit in that respect.

Senator COSTIGAN. You are aware that private contributions are included in "other contributions"?

Mr. BETTERS. Yes. In my own city the private relief chest is finding it very difficult to raise the funds it started to raise.

Congress, of course, is interested in seeing that the funds that are made available to States actually reach the destitute people and I realize that Congress can not provide for absolutely central control over the distribution on the part of the State governments, but I do feel we should have some method to insure that the State government will equitably, in turn, distribute these funds. I think that perhaps can be worked out by some rules and regulations which can be formulated by the Federal board, but I do want to mention just one or two problems which may arise.

After the 40 per cent is gone, then the application on the part of the State is on the basis of need. But where you have a city that says it has a need and can demonstrate it and a State refuses to take action, I think there should be some legislative authority in the act to provide for the right of an appeal by a municipality where the governor may not be in sympathy with such municipality—a right to apply and present its case direct to the Federal board.

Fortunately there have not been a great number of such instances, but under our political system, you can see very easily in a State which has one large metropolitan area, headed by a mayor who may be of a different political party than the governor, and where the governor has not a sympathetic attitude toward that city's needs, I think some provision should be made to take care of that situation.

The CHAIRMAN. Perhaps the governor did not run well in that community, which may account for his attitude.

Mr. BETTERS. In one case I believe one governor was defeated on account of his attitude on the relief problem and he was defeated in that community.

The CHAIRMAN. I have that instance in mind. I visited that locality in the fall and was informed by the officials of the city that they attributed the governor's attitude to his failure to make a good political showing in the campaign in that community.

Mr. BETTERS. I do want to bring out, however, that you have these large metropolitan centers in the United States that absolutely transcend the importance of the States in which they are located.

The second point is that if the committee conceives it to be a wise procedure, I do think it would be advisable to incorporate in the La Follette-Costigan relief bill a provision making it permissible only for municipalities over 100,000 in population, to deal directly with the Federal board when the State authorities approve it. I say that for two reasons; one, it insures equal treatment and the second is that I feel that a number of States where there is one large metropolitan area and the balance of the State is rural, the State government would prefer not to have the municipal relief problem occupy such an important position in the relief needs of the State, because the State board would not be in a position to say all the relief funds are going to the city and the rural communities are not getting anything.

As a matter of fact, some of our large cities have competent staffs and personnel and can go their way unassisted by the State.

I do not think the Milwaukee organization gets much assistance from the State organization in Wisconsin. I believe if you could meet this need you would meet many of the present necessities. Cook County, two weeks ago, by action of the State Emergency Commission, was divorced from the State relief set up in Illinois and is now going its own way as a separate entity. If we can do that in every instance to the cities' advantage and the States' advantage it should be made permissible and they should be enabled to do so.

The CHAIRMAN. It is tantamount to creating a metropolitan district which would be permitted to apply directly to this board?

Mr. BETTERS. Yes, sir.

The CHAIRMAN. Subject to the approval of the State authorities?

Mr. BETTERS. Yes, sir. I know it is not up to Congress to see that State administrators properly treat everybody within the State, but I do feel that by proper legislation on the Federal Government's side we can avoid many pitfalls of a political character which arise.

I want to point to the committee, for example, that 45 per cent of the American people live in 96 metropolitan areas within the United States; in other words, 45 per cent live in just 96 areas of this character about which I am speaking, and if we measure importance on a revenue basis—how much they spend—we find that the 10 largest governments in the United States are the Federal Government, 4 States and 5 cities and on any basis you mention, some of our large cities are in position to stand on their own feet in regard to relief administration.

On this revenue basis, about which I am speaking, the cities of South Bend, Ind., Bayonne, N. J., Reading, Pa., Rockford, Ill., Lansing, Mich., Canton, Ohio, Quincy, Mass., Newton, Mass., Glendale, Calif., New Rochelle, N. Y., Elizabeth, N. J., Somerville, Mass., Gary, Ind., Saginaw, Mich., and Hoboken, N. J., are really more important government units than the State of Nevada, measured on this basis, and if we list the 165 largest governmental units in the United States, we find that 117 are cities. As a matter of fact, the important government in the State of Illinois, in that area, is not the State government, but the city of Chicago. Detroit spends more than the State of Michigan, Los Angeles spends more than the State of California, Baltimore spends more than the State of Maryland, and Boston is greater than Massachusetts, and there are one or two other instances.

Now, that completes my testimony, generally speaking, unless the committee desires to ask me questions in regard to the self-liquidating feature of the relief act as a relief measure.

The CHAIRMAN. We will be glad to have you go into that, although it is not directly related to this bill.

Mr. BETTERS. We feel, of course, although the problem of prosecuting public works may be aimed to help cities, we believe that the present act, passed by Congress last summer, has turned out to be a complete fizzle. It has not helped anybody in the United States as far as our American cities are concerned. I am not criticizing the corporation; I am criticizing the law.

Unless the law is changed—the intent of Congress to help cities build important public works—that purpose will not be carried out. It is impossible.

In the first place, the interest rates are too high. What we want are interest rates that will stimulate rather than retard construction. The cities are just not in a position to pay 5 and 5½ per cent for money, especially when the Reconstruction Finance Corporation issues long-term notes at 1½ and 4-year notes at 2%. We must reduce the interest rates before we can help our American cities.

In the second place, the definition "self-liquidation" is too restrictive to include needed projects in our cities. For instance, I have a letter from a city in Wisconsin—Cedar Grove, Wis.—where they have a waterworks plan which can not be put into effect simply because they plan to pay for that part of the water service that goes to fire protection out of taxes; in other words, they have to raise money and pay taxes to pay for the hydrants that use the water. You can not charge anybody for fire service. That is absolutely excluded from the act, because it says it has to be self-liquidating and their payment made other than through taxes.

Now, those are the main things—interest rates to-day should be reduced to stimulate construction, and certainly the self-liquidation provision should be broadened to include all public works of a certain character.

The total amount of loans by the Reconstruction Finance Corporation for self-liquidating projects to municipalities is so limited as to make the act almost useless as a relief measure, but I do feel that if the public-works problem is to be tied up with a direct relief bill, some attention should be given to the problem of immediately amending that provision of the law.

The CHAIRMAN. Thank you very much.

The relative financial importance of cities

THE 165 UNITED STATES GOVERNMENTAL UNITS WITH LARGEST TOTAL REVENUE RECEIPTS, 1930

	Receipts (in millions)		Receipts (in millions)
1. Federal Government	\$4,879.5	27. Baltimore	\$46.8
2. New York City	725.6	28. North Carolina	46.6
3. New York State	296.5	29. Iowa	44.3
4. Chicago	185.5	30. Washington, D. C.	43.9
5. Pennsylvania	169.1	31. Seattle	43.7
6. Los Angeles	156.4	32. Virginia	42.6
7. Detroit	143.7	33. Newark	42.2
8. Philadelphia	133.0	34. Washington State	40.4
9. California	115.2	35. Oklahoma	39.4
10. Michigan	113.5	36. Connecticut	38.9
11. Texas	111.4	37. Cincinnati	38.4
12. New Jersey	106.6	38. Kentucky	36.8
13. Illinois	90.2	39. Georgia	35.6
14. Boston	86.7	40. Tennessee	34.2
15. Ohio	83.2	41. Kansas	33.6
16. Cleveland	77.2	42. Louisiana	33.2
17. Massachusetts	69.2	43. Maryland	31.2
18. Minnesota	64.4	44. Minneapolis	30.9
19. Wisconsin	61.1	45. Rochester	30.9
20. Pittsburgh	57.6	46. Oregon	30.4
21. Buffalo	52.9	47. Alabama	30.3
22. Indiana	52.6	48. Jersey City	27.2
23. St. Louis	51.4	49. Florida	26.3
24. Missouri	50.7	50. Kansas City, Mo.	26.0
25. Milwaukee	49.0	51. Portland, Oreg.	26.0
26. San Francisco	48.5	52. Arkansas	24.8

	Receipts (in millions)		Receipts (in millions)
53. West Virginia	\$24.7	110. Jacksonville, Fla.	\$8.3
54. New Orleans	24.2	111. Cambridge, Mass.	8.1
55. Nebraska	22.9	112. Norfolk, Va.	7.7
56. Maine	21.6	113. Waterbury, Conn.	7.7
57. South Carolina	21.3	114. Trenton, N. J.	7.5
58. Indianapolis	21.2	115. Lansing, Mich.	7.5
59. Oakland, Calif.	21.1	116. Des Moines	7.4
60. Colorado	20.5	117. New Bedford, Mass.	7.3
61. South Dakota	19.8	118. Dearborn, Mich.	7.3
62. Denver	19.3	119. Duluth	7.2
63. Toledo	18.6	120. Schenectady	7.0
64. North Dakota	17.7	121. Fort Worth	6.9
65. Louisville	17.4	122. Miami, Fla.	6.9
66. Rhode Island	17.1	123. Salt Lake City	6.6
67. Mississippi	17.1	124. Camden, N. J.	6.6
68. Syracuse, N. Y.	16.9	125. Utica, N. Y.	6.2
69. Columbus, Ohio	16.4	126. Sacramento	6.2
70. Providence, R. I.	16.1	127. Bayonne, N. J.	6.2
71. St. Paul, Minn.	15.7	128. Newton, Mass.	6.1
72. Delaware	15.5	129. Nashville, Tenn.	6.0
73. Akron	15.0	130. Canton, Ohio	6.0
74. Long Beach, Calif.	14.1	131. Glendale, Calif.	6.0
75. Worcester, Mass.	14.0	132. Scranton, Pa.	5.9
76. Omaha	13.8	133. Erie, Pa.	5.8
77. Utah	13.4	134. Fall River, Mass.	5.8
78. Houston, Texas	13.4	135. Berkeley, Calif.	5.8
79. Montana	13.1	136. Niagara Falls, N. Y.	5.8
80. Arizona	12.7	137. Lynn, Mass.	5.7
81. Yonkers, N. Y.	12.7	138. Lowell, Mass.	5.7
82. San Diego, Calif.	12.6	139. New Rochelle, N. Y.	5.6
83. Hartford, Conn.	12.6	140. Fort Wayne, Ind.	5.5
84. Grand Rapids, Mich.	12.6	141. Tampa, Fla.	5.5
85. Springfield, Mass.	11.8	142. Quincy, Mass.	5.5
86. Atlanta, Ga.	11.2	143. Mount Vernon, N. Y.	5.5
87. New Hampshire	11.1	144. Spokane	5.4
88. Vermont	11.1	145. Wilmington, Del.	5.4
89. Richmond, Va.	11.0	146. Binghamton, N. Y.	5.3
90. Dallas	10.4	147. Elizabeth, N. J.	5.2
91. Dayton, Ohio	10.3	148. Reading, Pa.	5.2
92. Oklahoma City	10.0	149. South Bend, Ind.	5.2
93. Flint, Mich.	10.0	150. St. Petersburg, Fla.	5.2
94. Albany	9.8	151. Wichita, Kans.	5.1
95. Memphis	9.7	152. Pontiac, Mich.	5.0
96. San Antonio, Tex.	9.4	153. Knoxville, Tenn.	4.9
97. Tulsa	9.4	154. Somerville, Mass.	4.8
98. Birmingham	9.4	155. Lawrence, Mass.	4.8
99. Youngstown, Ohio	9.3	156. Holyoke, Mass.	4.8
100. Idaho	9.2	157. Cleveland Heights, Ohio	4.8
101. Pasadena	9.1	158. Gary, Ind.	4.7
102. Wyoming	9.0	159. Rockford, Ill.	4.7
103. Tacoma	8.9	160. Saginaw, Mich.	4.7
104. Paterson, N. J.	8.8	161. White Plains, N. Y.	4.7
105. New Haven	8.8	162. East Orange, N. J.	4.6
106. Atlantic City	8.8	163. Hoboken, N. J.	4.5
107. New Mexico	8.8	164. Brookline, Mass.	4.5
108. Kansas City, Kans.	8.6	165. Nevada	4.4
109. Bridgeport, Conn.	8.4		

Data taken from Annual Report of Secretary of Treasury, United States, 1931, p. 453; Financial Statistics of Cities Having a Population of Over 30,000: 1930 (Summary preprint); Financial Statistics of States, 1930.

STATEMENT OF PROF. SIMEON E. LELAND, PROFESSOR OF PUBLIC FINANCE, UNIVERSITY OF CHICAGO, CHICAGO, ILL.

The CHAIRMAN. Will you please give your full name, address, and position at the University of Chicago?

Professor LELAND. Simeon E. Leland. I am professor of economics in the University of Chicago.

The CHAIRMAN. Have you given particular study to the question of public finance?

Professor LELAND. Yes; I have tried to study that for a good many years.

The CHAIRMAN. The committee will be very grateful to you, if you will give it the benefit of your study of this question in general, as well as in relation to the fiscal problem that now confronts the various governmental units, and the bearing of the relief problem upon that subject.

Professor LELAND. I think that, in order to understand the position of our cities and the States at the present time we need in general to look at their fiscal systems and the kind of position they occupy in the financial set-up of the entire Nation.

If we look at the cities and the States we find that their revenues come, in the main, from the general property tax or from levies upon special types of property, or both, but upon property as the predominant tax base; that hitherto the only elastic element in the State and local fiscal systems has been this tax upon property. It has, in the past, shown a tremendous elasticity and possibility to expand to meet the increasing needs of government, until, in many places, the rates have become unconscionably high and the burden has become what appears to the taxpayers to be unduly severe; with the result that whenever new demands have been felt by the municipalities they have been met by funds secured from this tax base. With the collapse of real-estate values within the last few years, accompanied, of course, by slight declines in assessed values—but the declines probably not commensurate with the drop in values—you find that the real burden upon properties has tended to increase.

The taxpayers feel that the burden is unduly severe and are in the position of resisting and resenting any further increases in the property tax loads.

The cities have been forced to rely almost exclusively upon this as their tax base. Some have secured as much as 90 per cent of the revenue from this source and, as a result, they either are in the position of being forced to increase their property tax levies, which in times such as these, certainly constitute capital levies, or of curtailing their essential services or of contracting heavy debt loads which, in the end, must mean further increases in property tax levies, because the cities and, to a large extent, the States, can not adopt fiscal systems designed to reach personal taxpaying capacity not represented by ownership of property.

TABLE 1.—Distribution of cities having a population of 30,000 or more according to percentage of their revenue derived from general property tax

Percentage of revenue from general property tax:	Number of cities
10 to 20.....	3
20 to 30.....	1
30 to 40.....	5
40 to 50.....	18
50 to 60.....	55
60 to 70.....	99
70 to 80.....	56
80 to 90.....	10
90 to 100.....	3
Total.....	250

Data secured from Financial Statistics of Cities, 1929, pages 206-215.

TABLE 2.—Cities of over 30,000 population receiving over 75 per cent of revenue receipts from general property tax: 1929

City	Per cent of revenue receipts obtained from—										Per cent of revenue receipts required for meeting operation and maintenance	Per cent of revenue receipts required to meet interest	Per cent of revenue receipts available for outlays and other purposes
	General property	Special	Poll	Business and non-business license	Special assessments and special charges	Fines forfeits and escheats	Subventions and grants, donations and pension assessments	Highway privileges, rents, and interest	Earnings of general departments	Earnings of public service enterprises			
Pittsburgh, Pa.....	80.6	.....	0.6	1.0	1.5	0.5	2.4	4.3	2.3	5.8	69.5	11.0	19.5
Indianapolis, Ind.....	81.9	.....	0.2	1.1	8.1	0.2	2.6	0.9	3.8	0.3	71.7	7.0	21.3
Providence, R. I.....	75.8	.....	0.5	0.5	2.1	0.2	2.1	5.5	2.7	10.5	71.1	12.8	16.1
New Haven, Conn.....	85.2	1.6	1.3	0.7	1.5	0.7	2.3	2.3	4.4	(1)	84.1	7.4	8.5
Bridgeport, Conn.....	90.8	0.5	1.8	0.5	0.5	0.5	2.0	0.6	2.4	0.3	72.7	7.9	19.4
Scranton, Pa.....	81.1	.....	2.1	1.1	1.6	1.2	8.3	2.8	1.8	(1)	83.1	7.2	9.7
Des Moines, Iowa.....	79.0	.....	.....	0.7	3.9	0.2	1.7	1.3	1.9	11.2	72.1	12.2	15.7
Peoria, Ill.....	77.2	.....	.....	3.9	11.5	0.9	3.0	1.2	2.3	0.1	69.0	6.3	24.7
Waterbury, Conn.....	84.7	.8	1.0	.5	1.2	.7	2.1	.6	2.0	6.3	71.2	14.1	14.7
Wilkes-Barre, Pa.....	80.6	.....	5.3	1.2	2.6	1.0	7.6	.9	.9	(1)	78.9	6.5	14.6
St. Joseph, Mo.....	78.0	.....	.....	9.0	.2	.9	5.9	4.1	1.7	.2	78.4	9.7	11.9
Sioux City, Iowa.....	77.3	.....	.....	1.5	6.7	.6	1.4	2.3	1.7	8.6	73.2	6.2	20.6
Huntington, W. Va.....	92.6	.....	.7	1.0	1.2	1.4	.1	1.5	.6	.9	82.7	7.5	9.8
Lakewood, Ohio.....	76.3	.9	.....	4.3	6.1	1.4	.9	2.4	1.1	6.5	84.2	12.6	23.2
Johnstown, Pa.....	79.1	.....	5.2	1.9	1.3	.9	7.4	2.1	2.0	(1)	69.5	12.4	18.1
New Britain, Conn.....	79.1	.9	1.7	.6	1.6	.7	2.8	1.5	2.6	8.5	76.3	6.8	16.9
Terre Haute, Ind.....	82.8	.....	.4	.7	4.1	(1)	5.2	1.4	3.8	1.4	87.4	5.4	7.2
Passaic, N. J.....	77.2	.9	.1	3.3	2.6	.2	9.9	4.7	1.0	(1)	91.1	16.6	(1)
Wheeling, W. Va.....	77.7	.....	.4	1.8	2.5	.5	.4	2.0	1.4	13.3	73.3	8.1	18.6
Davenport, Iowa.....	82.1	.....	.....	1.6	8.3	.8	2.1	.3	3.3	1.4	74.8	5.6	19.6
Hoboken, N. J.....	76.6	.4	(1)	3.6	.3	.1	8.2	3.0	.7	6.9	75.1	12.8	12.1
Chester, Pa.....	78.5	.....	2.6	1.2	4.2	.5	6.4	3.0	2.5	.1	69.4	9.3	25.8
Union City, N. J.....	77.2	1.1	.....	2.9	2.2	.1	11.4	3.0	2.3	.....	77.1	11.8	11.1
Charleston, W. Va.....	80.6	.....	.3	1.4	11.3	1.8	.1	1.8	2.1	.5	59.0	7.7	33.3
East Chicago, Ind.....	79.4	.....	.6	.9	2.2	.2	4.4	.7	.6	11.0	76.7	10.4	12.9
New Rochelle, N. Y.....	78.0	5.7	.....	1.3	3.6	.6	8.6	1.0	1.2	.....	76.4	9.5	14.1
Woonsocket, R. I.....	80.0	.....	.5	.6	2.9	(1)	1.5	3.7	1.7	9.1	63.2	20.3	16.5
Lexington, Ky.....	78.3	.....	.....	5.8	4.1	.6	5.9	2.2	2.5	.6	77.8	7.4	14.8
Stamford, Conn.....	80.1	.9	.....	.1	3.1	.7	1.7	1.3	1.7	.....	66.6	9.4	24.0
Williamsport, Pa.....	75.2	.....	3.2	1.9	6.2	.5	7.0	2.0	3.0	.9	73.9	5.9	20.2
Dubuque, Iowa.....	79.0	.....	.....	1.4	3.6	1.1	1.8	1.2	2.1	9.8	69.2	8.7	22.1
Hazleton, Pa.....	79.6	.....	5.5	.9	.8	.4	9.3	1.6	2.0	.....	81.9	12.6	5.5
Kokomo, Ind.....	78.2	.....	.5	.2	10.4	.3	5.9	.8	2.8	.9	75.7	2.9	21.4

¹ Less than one-twentieth of 1 per cent.

² Payments for operation, maintenance, and interest are in excess of revenue receipts.

Source: Financial Statistics of Cities, 1929, pp. 206-215.

A municipality can not successfully adopt a municipal income tax. Nor can it adopt an effective municipal sales tax. We have a few of the latter but none of the municipal sales taxes are a success. Moreover, the cities are hedged about with restrictions as to the kind of revenue devices and fiscal policies which they may adopt, imposed upon them by the States. I will mention these more particularly in a moment. As things stand at present the only possibility, as I see it, for the expansion of local revenues is through the greater sharing of revenue sources and yields by States with the local governments; that is, the State becomes the collection agency and distributes a certain proportion of the funds collected by it for use by local governments.

But even the possibilities of that approach are somewhat limited if we look at certain details in the fiscal systems of the States. A number of our States are confronted by rather serious financial problems. The State of New York, for example, has a prospective deficit of from \$100,000,000 to \$125,000,000, depending on how you calculate it. The State of Illinois will get along as long as it can borrow in anticipation of taxes from some of the funds it has, notably its highway funds, gasoline taxes, and by the sale of other tax-anticipation warrants. Among the other States which are in none too good financial condition are Kentucky, Tennessee, New Jersey, Alabama, North Carolina.

TABLE 3.—Revenue receipts of States, 1930

	In thousands	Per cent
Total revenue receipts.....	\$2,243,110	100.0
General property tax.....	345,186	15.3
Special property taxes.....	96,451	4.3
Inheritance taxes.....	180,794	8.0
Income.....	70,530	3.1
Other special taxes.....	70,092	3.1
Poll taxes.....	4,058	.2
Gasoline taxes.....	399,523	17.8
Motor-vehicle licenses.....	296,423	13.2
Other business and nonbusiness licenses.....	310,994	13.8
Permits.....	284	.01
Special assessments and special charges.....	26,427	1.2
Fines, forfeits, and escheats.....	7,917	.3
Subventions and grants, etc.....	150,151	6.7
Highway privileges.....	102,216	4.6
Department earnings.....	157,698	7.0
Public service enterprise earnings.....	18,356	.8

TABLE 4.—New York State and local taxes

Year	Amount	Per capita
1929.....	\$1,058,000,000	\$5.54
1930.....	1,134,000,000	90.11

Since 1900 aggregate taxes have doubled nearly every 10 years.

TABLE 5.—New York: Property taxes levied by all Government units (including special assessments)

1929.....	\$785,000,000
1930.....	839,000,000

TABLE 6.—New York: Per cent from property and ratio of real estate to total property

Year	Per cent from property	Ratio of real estate to total property
1929.....	74.2	98.6
1930.....	74	98.7

TABLE 7.—New York: Income taxes, personal (second largest source)

Year	Amount	Per cent from personal incomes
1929.....	\$83,209,000	7.9
1930.....	80,383,000	7.1

TABLE 8.—Massachusetts: Revenue from direct taxation, 1930

	Amount	Per cent
Real estate.....	\$191,268,000	61.04
Personal estate.....	24,751,000	7.90
Motor vehicles.....	8,534,000	2.72
Incomes.....	31,786,000	10.14
Business corporations.....	15,263,000	4.87
Legacies.....	14,017,000	4.47
Gasoline.....	10,342,000	3.30
Public service corporations.....	5,636,000	1.80
Insurance.....	3,812,000	1.22
Polls.....	2,511,000	.80
Savings banks and departments.....	3,269,000	1.04
National banks.....	1,415,000	.45
Stock transfers.....	514,000	.17
Miscellaneous.....	246,000	.08
Total.....	313,370,000	100

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TABLE 9.—Total taxes collected in Wisconsin, 1930 and 1932

Source of taxes	1930		1932	
	Amount	Per cent	Amount	Per cent
General property levies (prior year's levy).....	\$122,253,862	66.4	\$106,756,277	61.4
Special property taxes:				
Steam railways.....	7,271,089	3.9	6,369,046	3.7
Street railways, light, heat, and power.....	6,246,294	3.4	7,319,466	4.2
Sleeping car.....	32,009		44,962	
Freight line.....	97,912		90,852	.1
Telegraph.....	131,103	0.1	120,938	.1
Conservation and regulation.....	52,214		54,494	
Express.....	12,003		15,580	
Other special taxes:				
Occupational.....	240,748	.1	211,683	.1
Telephone.....	1,109,543	.6	1,330,503	.8
Insurance.....	2,400,787	1.3	2,361,287	1.4
Forest crop.....	18,887		20,743	
Oleomargarine.....			1,118	
Emergency chain store.....			199,745	.1
Inheritance taxes.....	2,703,497	1.5	3,999,206	2.3
Income taxes:				
Normal.....	18,761,273	10.2	15,235,035	8.8
Bonus surtaxes.....	88,831		36,088	
Teachers' retirement surtaxes.....	2,597,382	1.4	1,966,529	1.1
Emergency relief tax.....			1,560	
Motor vehicles:				
Licenses.....	12,023,824	6.5	10,950,655	6.3
Fuel taxes.....	7,979,260	4.3	16,501,340	9.5
Ton-mile taxes.....	99,679	.1	122,962	.1
Total.....	184,120,797	100.0	173,700,069	100.0

The possibilities of improving the State fiscal systems are, in general, decidedly limited, simply because in the past we have hedged about our States the "all-wise" provisions incorporated in many State constitutions. These have prevented any quick emergency action, and in some States the process of correcting the situation is so difficult that even as a long time proposition it has become impossible. In short, many State constitutions are practically impossible of amendment.

So, practically, you have these constitutional restrictions, the resistance of the taxpayers to further increased taxes; and you have to take into account the very difficult problem of correcting conditions due to the lack of coordination between the fiscal systems of the State and the Nation.

For example, we have 48 gasoline taxes and the new Federal tax; we have twenty-odd income taxes and the Federal tax; we have the estate taxes or death duties cumulative in every State—cumulative with the Federal levy—except Nevada. We have no end of duplication and uncoordinated fiscal arrangements between the States and the Federal Government, with the result that even though a State has, as a part of its revenue, an income tax, the possibility of further expansion of this tax is somewhat limited by the action of the Federal Government in shaping its income-tax legislation and by a lack of coordination between the States and the Nation in imposing taxes on this base. The Federal Government is now lowering its exemptions and has been increasing its rates. That policy, which by itself must be commended highly, closes the door, in a large measure, to what the States alone can do to modify their existing fiscal arrangements. So, you reach an almost hopeless impasse when you try quickly to develop new revenue sources for the State and Federal Governments to meet these emergency needs.

Senator COSTIGAN. In your testimony you have referred to capital levies. Will you state what you have in mind by such levies?

Professor LELAND. A capital levy is merely an ad valorem tax imposed upon the capital value of assets without any relation to the income therefrom. The term "capital levy" is usually applied to such ad valorem taxes as are so large that they can not be paid from the income currently or immediately derived from the property. Wherever you have an ad valorem tax upon a thing which is producing no income, you have a capital levy.

That, of course, has been the status of proper tax levies where a tax has been imposed on nonincome-producing property. I think you can see the situation in which some of these local governments and some of the States find themselves if you will look at some of the constitutional restrictions that are found.

For instance, in 11 States there are constitutional limitations upon city tax rates; in 18 States there are limitations upon county tax rates—

The CHAIRMAN. Have you a list of those States?

Professor LELAND. Yes.

The CHAIRMAN. Will you please put them in the record?

Professor LELAND. In Alabama, Arkansas, Kentucky, Louisiana, Missouri, Ohio, Oklahoma, Oregon, Wyoming, Texas, and Washington there are constitutional limitations upon city taxes.

In Alabama, Arkansas, Georgia, Idaho, Illinois, Kentucky, Louisiana, Michigan, Missouri, Nebraska, North Carolina, Ohio, Oklahoma, Oregon, Texas, West Virginia, Wyoming, and Washington there are limitations on county tax rates.

There are limitations on special district tax rates, for the most part limitations upon school districts, in Alabama, Arkansas, Florida, Kentucky, Louisiana, Missouri, Ohio, Oregon, Texas, and Washington.

There are constitutional limitations upon State tax rates in 21 States—Alabama, Arkansas, Colorado, Georgia, Idaho, Louisiana, Missouri, Montana, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Texas, Utah, Virginia, Washington, and Wyoming and I should add to that list Ohio, where the aggregate is limited, and possibly some other States which may have recently amended their constitutions.

Now, that does not mean that all of the localities in those States have reached the maximum, but a substantial number of them have, and in others the resistance of taxpayers is such that further increases in those taxes on property can only result in an increase on tax delinquency and a decrease in the revenue, and were that not true, I would oppose the increase of those taxes anyway at the present time from an economic point of view because, being capital levies, they tend to increase costs of production, decreasing the margin between production costs and selling prices, with the result that such increases probably will have a deleterious effect upon trade and industry at the present time, and will probably make it more difficult for trade and business to be transacted. The more difficult and the more costly we make that process at the present time, the more disastrous will be the economic effects. I think further increases in levies on capital values and taxes which fall on costs of production will thus have a tendency to retard industry and trade. Industry and trade should be stimulated, rather than retarded by the adaption of unwise taxation.

That same argument applies to sales taxes by local governments, State governments, and the National Government, and I think it ought to be said that sales taxes ought to be soundly and roundly condemned, if for no other reason, as having consequences which, in the present emergency, should rule them out of consideration. In other times no better case can be made for these taxes. They are paid largely in proportion to inability, rather than in proportion to capacity, to support government.

Now you say, "Well, we are limited on the size of our taxes and we are also limited by constitutional restrictions as to the debts which can be contracted. Naturally"—

Senator COSTIGAN. Do you care to comment on the tariff as a tax in this connection?

Professor LELAND. Yes; I never lose an opportunity to comment on the tariff. I think from the standpoint of helping solve the revenue problems of the Federal Government, not to mention helping to solve the economic problems of the hour, that the protective tariffs of the United States must be substantially reduced. They have not only become so high that they are throttling and curtailing American trade, and in the interest of stimulating that trade they should be reduced; but they have become so high that they produce practically no revenue

and it is almost an insane delusion to continue the present level of the tariff in the face of the present economic conditions. You reach that conclusion from the standpoint of Federal finance, from the standpoint of improvement of trade, from the standpoint of the impossibility of paying war debts, or from the standpoint of any economic condition you want to keep in mind. I will possibly refer to that later in pointing out what I think the Federal Government can do in this situation.

But, to return to the subject of meeting the problems in public finance produced by this depression, our States and localities are unable, largely because of constitutional restrictions, freely to lend their credit or make use of public debts. In 21 States the amount of the debt which State governments can contract is limited.

The CHAIRMAN. You mean the local governments?

Professor LELAND. Yes; these are local governments here. They are limited by constitutional restrictions imposed upon them which set definite debt limits in relation to assessed valuations as to the amount of public indebtedness which can be contracted.

In 17 States there are constitutional provisions with reference to the repayment and maturity of the public debt.

The CHAIRMAN. Will you give the names?

Professor LELAND. I will give them in a moment.

In other States there are restrictions upon the purpose and types of bonds which can be authorized.

The 26 States which have limited the debt-incurring power of municipalities are Alabama, Arizona, Arkansas, Florida, Georgia, Illinois, Indiana, Idaho, Kentucky, Louisiana, Maine, Montana, New Mexico, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, South Dakota, Utah, Virginia, Wisconsin, and Wyoming.

Fifteen of those limit the debts to 5 per cent or less of the assessed valuations; nine of the States allow debts from 5 to 10 per cent of the assessed valuation, and two States allow over 10 per cent.

But, as the committee knows, a good many of those restrictions are avoided by the multiplication of political jurisdictions so that debts may be cumulated and in only a few States—I think some two in number—is the debt-contracting power limited to the aggregate of debts by all governments occupying a single territory.

The situation reaches a very absurd point in the county of Cook in the State of Illinois, where, in more than a dozen towns and villages, there are over 12 cumulative debt limits, with the result that the debts, in terms of assessed valuations, reached the hypothetical or potential maximum of 80, 60, and 75 per cent of the total assessments. That simply means that the property taxpayers in some towns are subjected to 12 to 16 independent cumulative tax levies and similar debt loads.

Well, it is absurd to consider that those places can increase the amount of their property tax load, and yet the property tax is the only source of revenue they have, except some miscellaneous fees which are practically nonproductive, fiscally.

Then there are many other cities that can not borrow money for current expenses. That is true in the State of Illinois, by local court decision. There are 16 States in which the governments can not assume local or corporate indebtedness. That means that they

can not loan their credit to the local governments. Among the States in this position are Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Mississippi, Nevada, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Utah, Virginia, and West Virginia, and then there are 10 States where the constitutions forbid contracting debts for internal improvements.

Some amendments have been made to the general provisions which permit the undertaking of highway projects and certain other things, but, in general, those limitations affect Alabama, Indiana, Kansas, Louisiana, Michigan, Missouri, Ohio, South Dakota, Tennessee, Virginia, and Wisconsin.

There are 32 States that can not lend their credit to private corporations, and practically all the States have constitutional provisions which prevent them from becoming stockholders in private corporations.

Now, I think those provisions have been largely beneficial and have been the result of past experience, particularly growing out of demands to build canals, roads, and to finance railroads in the internal improvement era prior to the Civil War. The bitter experience of the States in those enterprises has resulted in these restrictions.

But when it comes to meeting emergencies such as unemployment relief by use of the debt power, you can see what a handicap those provisions impose. Thus when you look over the possibilities of expanding our State and local revenue provisions, there are, of course, some expansions which can be made; there are many improvements which are possible, but there are certain obstacles which must be recognized which prevent an immediate and, in many cases, a thoroughgoing improvement of local and State fiscal systems. And many of the difficulties center around our constitutional system.

For instance, there are 15 States that can not adopt the principle classifying property taxes without changing their constitutions; there are a number of States which can not adopt income taxes without constitutional amendments, such as Florida, Maine, Indiana, Illinois, Alabama, Montana, and Wyoming, and then it is doubtful if you could adopt income taxes in Colorado, Kentucky, Michigan, Minnesota, Nebraska, New Jersey, New Mexico, or Pennsylvania without constitutional amendments although a very liberal decision on the part of the courts might make that possible. The experience of Illinois, I think, can illustrate the difficulty probably better than any other State.

In order to get a constitutional amendment in Illinois it is necessary to get two-thirds of the members of each house to submit the amendment. This amendment must then be voted on at a general election and a majority of the electors voting at that election are required to adopt the amendment. Then if it fails, the general assembly has no power to propose an amendment to that same article of the constitution for a period of four years.

Now, that illustrates our current predicament. In 1926 and 1930 amendments were defeated which would have authorized the adoption of classified property taxes and income taxes. The next year in which we can attempt to amend that article is 1934. Nevertheless, in order to meet the needs of the State, last year an income tax was adopted by the general assembly, not knowing—possibly not caring—as to its constitutionality, but the court, in a recent decision, said that this

law was unconstitutional. The result is that it is out of the question for Illinois greatly to improve its revenue system until this particular section of the Constitution is amended.

On top of the constitutional difficulties you have the resistance of the taxpayers and alignments of economic groups. According to some people, the only good tax is one which raises your tax and leaves mine alone, or a tax which raises your neighbor's tax and leaves yours alone or reduces it. Some people believe that the thing to do is reduce expenses and get needed revenue in that manner. In any case, you run on to the group interests. In some cases the urbanites and farmers are arrayed against each other; in others the manufacturers are opposed to any changes; and even changes in tax exemptions are opposed by many religious groups and educational institutions.

So, regardless of what the possibilities are for improving the revenue systems, you come out with a rather pessimistic outlook as to the possibility of improving the situation by immediate changes during the coming winter. That means that the problem, from a financial standpoint, is clearly up to the Federal Government.

I think from another standpoint, the problem is a Federal problem. This matter of relief is, by tradition, local. It arose in England in the days when the village administered poor relief. This happened before the industrial revolution, or perhaps in the first stages of that revolution. At that time industry and trade were largely local in character. It was probably proper at that time that each community should take care of its poor, but a survey of the results of the Elizabethan poor laws indicates that even then in England there were difficulties in administering the law, especially in forcing each district to care for "its own." Now, when we industrialize, as we have in this country, when we concentrate industry in one locality for the efficient performance of that function and to secure economies of operation and of the economic utilization of resources, thus making one center a manufacturing center from which products are sent all over the country and all over the world, it takes, I think, a rather curious twist of reasoning to assume that in such a state of affairs relief is a local problem.

With an industrial civilization such as ours, relief can only be a national problem so long as our economic organization is national in character; so long as there is geographical specialization of industry and trade, unemployment can not be viewed as a local problem. This specialization, of course, is one of the reasons for our past economic prosperity. It takes no argument to demonstrate that under an economic system of the kind we now have, unemployment is national in character and hence the relief problem must necessarily be of the same type. Moreover, so long as our population can freely move about within a large national area, purely local relief from an administrative standpoint is impossible.

This concentration of industry and trade I need not emphasize before this committee, but it may be well to point out that it is likewise accompanied by a concentration of economic resources, and a concentration of wealth and income. It is absurd, under such circumstances, to assume that the financial burden of relief must be borne by the localities, or that they can equitably assume such a burden on a local basis. It is perhaps true that the States in which the wealth, income, and population are concentrated are the States

which have the largest amount of unemployment, but the State governments are in no position to tap the economic resources of those communities, as I tried to point out. Although you know, for example, that 36 per cent of the wealth in the United States is found in the five States of Massachusetts, New York, Illinois, Pennsylvania, and California, it is absurd to contend that those States with their present fiscal systems can take care of the emergency relief needs in addition to their ordinary public services. Those who hold otherwise fail to recognize the very imperfect character, and the somewhat irresponsible character, of our State governments and their fiscal systems.

TABLE 10.—Estimated wealth by geographic divisions and States, 1922

Geographic division and State	Total wealth	Per cent of total wealth
United States.....	\$320,803,000,000	100.0
Geographic divisions:		
New England.....	24,414,000,000	7.6
Middle Atlantic.....	77,663,000,000	24.2
East North Central.....	68,823,000,000	21.5
West North Central.....	46,018,000,000	14.3
South Atlantic.....	29,168,000,000	9.1
East South Central.....	12,990,000,000	4.0
West South Central.....	19,860,000,000	6.2
Mountain.....	12,206,000,000	3.8
Pacific.....	23,573,000,000	7.3
New England:		
Maine.....	2,006,000,000	.6
New Hampshire.....	1,374,000,000	.4
Vermont.....	842,000,000	.3
Massachusetts.....	12,980,000,000	4.0
Rhode Island.....	1,924,000,000	.6
Connecticut.....	5,286,000,000	1.6
Middle Atlantic:		
New York.....	37,035,000,000	11.5
New Jersey.....	11,794,000,000	3.7
Pennsylvania.....	28,833,000,000	9.0
East North Central:		
Ohio.....	18,489,000,000	5.8
Indiana.....	8,829,000,000	2.8
Illinois.....	22,232,000,000	6.9
Michigan.....	11,404,000,000	3.6
Wisconsin.....	7,866,000,000	2.5
West North Central:		
Minnesota.....	8,547,000,000	2.7
Iowa.....	10,511,000,000	3.3
Missouri.....	9,981,000,000	3.1
North Dakota.....	2,467,000,000	.8
South Dakota.....	2,925,000,000	.9
Nebraska.....	5,320,000,000	1.7
Kansas.....	6,264,000,000	2.0
South Atlantic:		
Delaware.....	625,000,000	.2
Maryland.....	3,990,000,000	1.2
District of Columbia.....	1,697,000,000	.5
Virginia.....	4,831,000,000	1.5
West Virginia.....	4,677,000,000	1.5
North Carolina.....	4,543,000,000	1.4
South Carolina.....	2,404,000,000	.7
Georgia.....	3,896,000,000	1.2
Florida.....	2,440,000,000	.8
East South Central:		
Kentucky.....	3,582,000,000	1.1
Tennessee.....	4,228,000,000	1.3
Alabama.....	3,002,000,000	.9
Mississippi.....	2,177,000,000	.7
West South Central:		
Arkansas.....	2,599,000,000	.8
Louisiana.....	3,416,000,000	1.1
Oklahoma.....	3,993,000,000	1.2
Texas.....	9,850,000,000	3.1

¹ Includes \$1,445,992,000, value of ships belonging to the United States Navy, \$360,885,000, value of privately owned water-supply systems, and \$4,276,155,000, value of gold and silver coin and bullion, not distributed by States.

Source: Estimated National Wealth, 1922, Bureau of the Census, p. 21.

TABLE 10.—Estimated wealth by geographic divisions and States, 1922—Continued

Geographic division and State	Total wealth	Per cent of total wealth
Mountain:		
Montana.....	\$2,223,000,000	0.7
Idaho.....	1,533,000,000	.5
Wyoming.....	976,000,000	.3
Colorado.....	3,229,000,000	1.0
New Mexico.....	851,000,000	.3
Arizona.....	1,314,000,000	.4
Utah.....	1,535,000,000	.5
Nevada.....	541,000,000	.2
Pacific:		
Washington.....	5,122,000,000	1.6
Oregon.....	3,419,000,000	1.1
California.....	15,031,000,000	4.7

Professor LELAND: You have this same problem in the States where the wealth is concentrated in one county or a few counties and the unemployment happens to be there as that particular center is the trade and commercial center of the State. In other cases the wealth may be in one locality while the unemployment may be in another.

One reason the problem is so difficult is simply because we do not have statistics on urban and rural balances of trade within a county, State, or even within our cities. We see the thing more clearly internationally, where trade balances are calculated but the same problem exists on a State or local level. All markets contribute to the value of the plants, resources, or products in the production center, and it is impossible to make any separation to determine to what group particular values belong. So, I think, from that standpoint, the problem is largely a Federal problem.

Now, when you say that, of course, you face the obvious reply that the Federal Government can not do anything in this depression, simply because of the fact it is facing a huge and constantly increasing deficit.

Well, the deficit has gone up from \$903,000,000 in 1931 to \$2,473,000,000 in 1932, but it seems to me that this deficit is really no great problem and that it is an easy matter to balance the Federal Budget.

In the first place, there are certain items in the Budget that ought not to figure in any balancing transactions. It is elemental that all of the nonrecurring emergency expenditures ought to be eliminated. In the second place, all loans and investments ought to be cut out. That is the funds for such uses should be secured from Federal borrowings at present and not from taxation. For example, the advances to the Reconstruction Finance Corporation are charged in the Federal Budget against current revenues. The funds are merely used to lend the credit of the Nation to bankers, insurance companies, States, and others. So, all you have is the raising of funds to be loaned.

Now, the only valid charge against the taxes of the Nation for transactions of that kind are reserves for the amount of losses anticipated. You may either set up such reserves prospectively or wait until some losses occur before attempting to do it. But the Treasury Department, in its last report, pointed out that the advances to and by the Reconstruction Finance Corporation are loans of that character and that they will be repaid—some of them. At any rate the entire

capital subscription to that corporation should not be in the Federal Budget as an expenditure to be defrayed by taxation. I think that applies to the amount of money that is set up in all of the relief measures before Congress. Where the Federal credit is to be used ultimately for relief or loans it ought to be made a credit transaction and not a charge against current revenues. In addition public works expenditures ought to be excluded. They are for capital outlays and no business would probably include those as charges against the budget of a single year, especially during a depression.

Then, the President has excluded the public debt retirements from the Budget. That is quite proper and if the principle is valid for the public debt retirements, it is valid for the other three I have just indicated.

Also the amount of permanent appropriations not to be expended during the next fiscal year, or the period covered by the Budget under consideration, ought to be excluded from the balancing transactions. These charges properly belong against future Budgets and future revenues.

When you have made these exclusions, you have solved, in large part, the difficult task of balancing the Nation's Budget. The next step is to look fairly carefully at the expenditures program, and then at the tax program.

A similar condition runs all the way through the problem. You can see the thing, I think, most clearly in the case of the internal-revenue receipts; 53.8 per cent of our internal-revenue receipts, which include taxes from incomes, estates, distilled spirits, tobacco, and all those other things, are derived from the five States that I have mentioned. But if we take cigarette taxes, a most conspicuous example, we find that 61.8 per cent of the revenue comes from North Carolina. It only happens that this is the State in which most of the cigarettes are manufactured. It is absurd to contend that this contribution to internal-revenue receipts is due to the wealth or income of North Carolina. Those collections are made in that State simply because it is the most economical, the most convenient, and the proper place in which to collect this form of revenue. The State (from a statistical point of view) there acts as the collection agency for the entire Nation, whereas most of the cigarettes are consumed in more populous areas. The Nation really pays this tax, not North Carolina, although the collections are made there in the first instance.

The CHAIRMAN. I would like to have the tables to which you have been referring incorporated in the record at the conclusion of your testimony.

(See Tables 11 to 14, which appear at the conclusion of Professor Leland's testimony.)

In the analysis of the Federal expenditure program, I think you can see many possibilities for postponing expenditures. In the first place, the amount of money in the 1934 Budget for vessel construction is \$21,000,000 in excess of the appropriations for 1933. Of course the danger of war is probably greater now than then, although the world is too poor to fight. But whatever danger there is is principally imaginary. The modernization of battleships calls for a program of \$9,450,000, and the total amount available for naval construction during the year 1934 is \$53,380,000. Now, those items certainly can be postponed without damage to the welfare of the country. Then

there are, I think, certain services which confer particular benefits upon special individuals or groups which may well be curtailed. If you are interested in what I have in mind, I might point to the activities of the Bureau of Foreign and Domestic Commerce which largely duplicate those of the Consular Service, and while they might have a remote connection with the compilation of foreign trade statistics, they are now largely promotional affairs for the improvement and enhancement of American business; and in any event the direct beneficiaries of these services ought to pay the cost of performing them, and if they are valuable at all they ought to be on a service-charge basis. If they can not be sustained on that basis, they ought to be eliminated. In short, business ought to pay for special services to it, especially for the promotion of its own trade.

You can move on from that to the matter of subsidies—subsidies to steamship lines, the carrying of the airplane industry through mail contracts—and you will find substantial amounts of postal deficits there that can be materially reduced for the benefit of the country and the improvement of these services.

So these possibilities of meeting the problem ought to be recognized, and to the extent that curtailments here can be made to produce savings they make available greater sums for the meeting of emergency needs. Of course, the greatest obstacle to any program of substantial reductions in public expenditures that must be faced by the Federal Government is the fact that there are certain items in the Budget which are supposed to be nonreducible. A listing of such items in the 1934 Budget includes \$1,628,000,000 for military functions. That is 38 per cent of the Federal Budget. The nonreducibles also include fixed debt charges of \$1,259,000,000, or over 29 per cent of the Federal Budget. They include \$122,000,000, or 2.8 per cent of the Budget, for public improvements; the postal deficit calls for \$97,000,000, a little over 2 per cent; refunds call for \$85,000,000, or 2 per cent; general construction of buildings receives \$69,000,000, 1.6 per cent of the Budget; and the expenditures for the government of the District of Columbia and other Territories take 1 per cent, or about \$42,000,000, of which the District of Columbia contributes for its share some thirty-odd million and the Federal Government practically only \$7,700,000 directly for the government of the District. The total of these so-called nonreducible items aggregates \$3,303,000,000, or 78 per cent of the total budget of expenditures.

Now, there must be balanced against these possibilities for reducing expenditures the increased demands upon the Government for services brought about by the depression. Upwards of 11,000,000 people that are out of work through no fault of their own must receive some consideration, and it is interesting to observe that in the 1934 Budget the President provided only \$18,000 for relief expenditures of all sorts, as compared with \$40,000,000 appropriated for the fiscal year 1933 and \$500,000,000 subscribed to the capital of the R. F. C. in the fiscal year 1932. Likewise a curtailment in the building construction and public-works program for 1934 has been recommended by the President.

The 1933 appropriations for general Government buildings were \$212,000,000 and in 1934 the Budget estimate for those purposes is only \$69,000,000. Public improvements, including roads, rivers and harbors, flood control, and others received appropriations of \$402,-

000,000 in 1933, and only \$122,000,000 in 1934. The President's reason for that is that he does not deem—and I quote—"further building at this time in the public interest."

It seems to me it is doubtful whether the volume of public works should be curtailed at this time. I doubt if business recovery has advanced sufficiently to warrant any retrenchment. I think likewise that it is a serious mistake not to have generous Federal appropriations for the direct relief of unemployed included in the Federal Budget.

So, when you mass together the possibilities of decreasing public expenditures and consider the needs of the moment for unemployment relief, I can not see that you can possibly come out with a reduced amount of public expenditures.

It seems to me that from another point of view, if you will consider effect upon business and trade, that it is important that production and the demand for commodities and services should not be restricted by a curtailment of public expenditures, because every restriction of that type is a direct curtailment of payments for goods and services. Hence, from the standpoint of helping overcome some of the very disastrous consequences of the depression, it is undesirable to think, at this time, of reducing the aggregate amount of our Federal expenditures.

Senator COSTIGAN. Professor Leland, you have spoken of the protest of taxpayers against advancing taxes. On what principle do you attempt to reconcile liberal Federal expenditures with the taxpayers' necessities?

Professor LELAND. I think the answer to that problem is that the time of depression is not the time for increasing taxes, particularly those taxes which will fall upon costs of production and thus restrict trade and commerce. A depression is the time when money should be borrowed. Moreover, our Budget balancing operations ought to be over a longer period than twelve months. We ought to balance a period of depression against a period of prosperity.

We ought to have in this Government, and in every other Government, what we might call a long-term Budget in which the swings of the business cycle are taken into account. The necessary elasticity in our Federal revenues, it seems to me, ought to be secured, between those periods, by the proper handling of the public debt. In time of depression our public debt should be increased; in time of prosperity it should be rapidly retired.

It is true, to a very moderate extent, that the Federal Government has followed that policy and that since the war it has decreased its public debt some \$3,000,000,000 in excess of contractual requirements, but during that same period the Federal Government very unwisely on two occasions reduced the Federal income and estate taxes under the false assumption that those reductions would increase the amount of revenue that was received. Such revenue increases were realized, but the thing that increased the revenue was the improvement of business and not the reduction in the rates of taxation. Hence, if we had maintained the level of the war income tax rates, which are about the rates that Europeans enjoy in normal times, a more rapid retirement of the public debt would have been possible and at this time we would have had a greater degree of elasticity in our borrowing capacity.

It is not inconsistent to advocate increased Federal expenditures and decreased taxes, simply because of the fact that from the standpoint of meeting the needs of the hour and recognizing clearly that you can not divorce the financial operations of the Federal Government from the American money and currency system, an increase in the debt at this time would have a most wholesome effect. It would give us a modest amount of inflation which would be open and easy to control. From every angle, it seems to me, that is a proper policy for the Federal Government to follow.

The CHAIRMAN. What have you to say about the potential absorption of additional Government securities by the people of the country?

Professor LELAND. I think there is no difficulty whatever in floating additional securities. We have retired the Federal debt by, I think, \$9,000,000,000 from its war peak to its recent low point. It has now risen from, I think, about \$18,000,000,000 to \$20,000,000,000. We have a latitude of at least \$5,000,000,000 between the present level and the war peak. I see no real difficulty in the way of further expansion of the Federal debt, particularly when the Treasury Department can borrow \$250,000,000 as it did on December 15 at three-fourths of 1 per cent interest, or when it can float at the same time 4-year notes aggregating \$350,000,000 at 2½ per cent and when the interest rates for Government borrowing are lower than they have ever been. There is no lack of credit on the part of the Federal Government.

The only secure investment which the American people have to-day is Federal bonds. When the point is reached where the banks can not absorb additional securities of the Federal Government you have the possibility of the direct sale of securities to the investors, similar to the war loan drives. There are many advantages to direct sale, and I believe there is much to be said for such sales at the present time, as a supplement to short-term borrowings through the banks.

Then you have the possibility of increasing the amount of installment sales and making it possible for our small investors to buy bonds of less than \$1,000 at the same interest rates that bonds in excess of \$1,000 can be sold. Of course, the Treasury Department says that the "baby bonds" were not a success, simply because of the fact that they did not get an adequate subscription for the issue which they tried, but that is not strange when you consider that they offered the bonds at interest rates considerably less than the interest rates of bonds of denominations of \$1,000 and over. I think the policy of giving those who most need adequate as well as safe returns from investments the lowest possible interest rates is damnable. If the Treasury offers its bonds at current interest rates the public will absorb all that are required. The only thing that has to be considered in wholesale borrowing is the possibility of endangering the gold standard.

The CHAIRMAN. Do you think a considerable amount of bonds can be sold without endangering the gold standard?

Professor LELAND. Yes, sir; I think you can sell all the bonds you need to carry the Federal Government for a number of years.

Senator COSTIGAN. And also to provide public works?

Professor LELAND. Yes, sir.

Senator COSTIGAN. And public relief?

Professor LELAND. Yes, sir. I think it is absurd not to finance public relief loans, investments, and public works out of the pro-

ceeds of bonds and, considering the effects on the business cycle, I would say that the amount of bonds during the next fiscal year sold by the Treasury Department should not be less than the sum of money required to meet those three charges.

I think that is the way to meet this relief problem.

The CHAIRMAN. Thank you very much.

The reporter will please include in the record these tables which have been presented by Professor Leland.

(The tables referred to are printed in full as follows:)

TABLE 11.—Percentage of receipts to total Federal income and estate taxes by districts 1929

District	Income tax			Estate tax
	Corporation	Individual	Total	
	Per cent	Per cent	Per cent	Per cent
Alabama.....	0.3	0.3	0.3	0.6
Arizona.....	.1	.1	.1	(1)
Arkansas.....	.2	.1	.2	.1
First California.....	2.8	3.0	2.9	3.1
Sixth California.....	2.3	3.1	2.6	6.7
Colorado.....	.5	.4	.5	.2
Connecticut.....	1.6	1.9	1.7	2.0
Delaware.....	1.5	.9	1.2	2.1
Florida.....	.3	.8	.6	8.3
Georgia.....	.7	.4	.6	.4
Hawaii.....	.3	.1	.2	.1
Idaho.....	.1	(1)	(1)	(1)
First Illinois.....	9.4	8.6	9.0	5.4
Eighth Illinois.....	.3	.3	.3	.2
Indiana.....	1.2	1.0	1.1	.6
Iowa.....	.6	.5	.6	.4
Kansas.....	1.1	.3	.7	.4
Kentucky.....	.7	.5	.7	.3
Louisiana.....	.7	.4	.6	.9
Maine.....	.4	.4	.4	.3
Maryland (including District of Columbia).....	1.9	2.2	2.0	4.1
Massachusetts.....	4.4	5.0	4.7	3.5
Michigan.....	7.4	4.4	6.0	2.9
Minnesota.....	1.4	1.0	1.2	.7
Mississippi.....	.1	.1	.1	.2
First Missouri.....	2.0	1.3	1.6	4.9
Sixth Missouri.....	.7	.5	.6	.2
Montana.....	.1	.1	.1	2.1
Nebraska.....	.3	.2	.3	.3
Nevada.....	.1	(1)	(1)	(1)
New Hampshire.....	.1	.2	.1	.6
First New Jersey.....	.7	1.0	.9	1.1
Fifth New Jersey.....	2.9	3.4	3.2	1.7
New Mexico.....	(1)	(1)	(1)	(1)
First New York.....	1.3	2.9	2.0	3.9
Second New York.....	15.5	19.9	17.5	7.3
Third New York.....	6.6	10.3	8.3	7.2
Fourteenth New York.....	1.5	2.1	1.8	2.9
Twenty-first New York.....	.6	.6	.6	.4
Twenty-eighth New York.....	1.7	1.7	1.7	1.5
North Carolina.....	1.2	.5	.9	.4
North Dakota.....	(1)	(1)	(1)	(1)
First Ohio.....	1.7	1.4	1.6	1.1
Tenth Ohio.....	.7	.5	.6	.2
Eleventh Ohio.....	.5	.3	.4	.2
Eighteenth Ohio.....	3.0	2.3	2.7	1.8
Oklahoma.....	.8	.7	.8	.1
Oregon.....	.2	.2	.3	.1
First Pennsylvania.....	5.3	5.1	5.2	8.5
Twelfth Pennsylvania.....	.8	.6	.7	.8
Twenty-third Pennsylvania.....	3.2	2.9	3.0	5.1
Rhode Island.....	.5	.7	.6	.5
South Carolina.....	.2	.1	.2	(1)
South Dakota.....	(1)	(1)	(1)	(1)

¹ Less than 0.0005 per cent.

Data from Annual Report of the Commissioner of Internal Revenue, for the fiscal year ended June 30, 1929.

TABLE 11.—Percentage of receipts to total Federal income and estate taxes by districts 1929—Continued

District	Income tax			Estate tax
	Corporation	Individual	Total	
	Per cent	Per cent	Per cent	Per cent
Tennessee.....	0.7	0.5	0.6	0.2
First Texas.....	1.0	.8	.9	1.0
Second Texas.....	.7	.8	.7	.8
Utah.....	.2	.1	.1	(¹)
Vermont.....	.1	.1	.1	.1
Virginia.....	1.3	.4	.9	.2
Washington (including Alaska).....	.7	.4	.6	.2
West Virginia.....	.7	.3	.5	.5
Wisconsin.....	2.0	1.2	1.6	.4
Wyoming.....	(¹)	(¹)	(¹)	.1
Total.....	100.0	100.0	100.0	100.0

¹ Less than 0.0005 per cent.

TABLE 12.—Percentage of receipts to total Federal internal revenue from selected sources by districts

Districts	Alcoholic beverages	Cigarettes	Total tobacco	Stamp taxes	Total (all sources) ¹
Alabama.....	(¹)	(¹)	(¹)	0.1	0.3
Arizona.....	(¹)	(¹)	(¹)	.1	.1
Arkansas.....	(¹)	(¹)	(¹)	(¹)	.1
First district of California.....	6.2	3.7	3.0	1.9	2.9
Sixth district of California.....	2.1	(¹)	(¹)	1.2	2.3
Colorado.....	.2	(¹)	(¹)	.2	.4
Connecticut.....	.1	(¹)	(¹)	.2	1.4
Delaware.....	(¹)	(¹)	.1	.3	1.0
Florida.....	(¹)	(¹)	.7	.1	.7
Georgia.....	(¹)	(¹)	(¹)	.2	.5
Hawaii.....	(¹)	(¹)	(¹)	.1	.2
Idaho.....	(¹)	(¹)	(¹)	(¹)	.7
First district of Illinois.....	5.8	(¹)	1.5	7.3	.3
Eighth district of Illinois.....	11.1	(¹)	(¹)	(¹)	.1
Indiana.....	5.8	(¹)	.2	.1	1.0
Iowa.....	(¹)	(¹)	(¹)	.1	.5
Kansas.....	(¹)	(¹)	(¹)	.1	.6
Kentucky.....	6.9	1.8	2.3	.1	.9
Louisiana.....	4.8	(¹)	.1	.7	.5
Maine.....	(¹)	(¹)	(¹)	(¹)	.3
Maryland and District of Columbia.....	6.0	(¹)	(¹)	.3	1.8
Massachusetts.....	5.6	(¹)	.1	1.9	3.9
Michigan.....	1.6	(¹)	.9	.9	5.2
Minnesota.....	.5	(¹)	(¹)	.6	1.0
Mississippi.....	(¹)	(¹)	(¹)	(¹)	.2
First district of Missouri.....	2.1	(¹)	2.2	.3	1.8
Sixth district of Missouri.....	.4	(¹)	(¹)	.2	.5
Montana.....	(¹)	(¹)	(¹)	(¹)	.2
Nebraska.....	(¹)	(¹)	(¹)	(¹)	.2
Nevada.....	(¹)	(¹)	(¹)	.1	(¹)
New Hampshire.....	(¹)	(¹)	.1	(¹)	.2
First district of New Jersey.....	.3	(¹)	.3	(¹)	.8
Fifth district of New Jersey.....	9.3	5.1	4.8	1.9	3.4
New Mexico.....	1.9	5.7	4.8	.7	2.5
First district of New York.....	3.1	.1	.3	68.9	15.7
Second district of New York.....	2.6	1.5	1.3	.1	7.1
Third district of New York.....	.2	(¹)	.1	.1	1.5
Fourteenth district of New York.....	.1	(¹)	.1	.1	.5
Twenty-first district of New York.....	.9	(¹)	(¹)	.1	1.4
Twenty-eighth district of New York.....	(¹)	61.8	53.8	.4	8.7
North Carolina.....	(¹)	(¹)	(¹)	(¹)	(¹)
North Dakota.....	(¹)	(¹)	(¹)	(¹)	(¹)

¹ This total includes revenues from the following sources: Income tax, estates tax, distilled spirits and alcoholic beverages tax, tobacco and tobacco manufacturers tax, butter and butter substitutes tax, filled cheese tax, mixed flour tax, stamp taxes, narcotics tax, theater admissions and club dues taxes, other miscellaneous taxes.² Less than 0.05 per cent.

Data from Annual Report of the Commissioner of Internal Revenue, for fiscal year ending June 30, 1929, pp. 58-74.

TABLE 12.—Percentage of receipts to total Federal internal revenue from selected sources by districts—Continued

Districts	Alcoholic beverages	Cigarettes	Total tobacco	Stamp taxes	Total (all sources)
First district of Ohio.....	6.6	(¹)	1.8	5.6	1.7
Tenth district of Ohio.....	.1	(¹)	.9	.1	.3
Eleventh district of Ohio.....	(¹)	(¹)	(¹)	.1	.2
Eighteenth district of Ohio.....	.6	(¹)	.1	.1	.6
Oklahoma.....	(¹)	(¹)	(¹)	.1	.2
Oregon.....	(¹)	(¹)	(¹)	.1	.4
First Pennsylvania.....	11.7	1.9	2.9	1.3	4.8
Twelfth district of Pennsylvania.....	.1	(¹)	.4	.1	.5
Twenty-third district of Pennsylvania.....	2.4	(¹)	(¹)	.6	2.6
Rhode Island.....	.1	(¹)	(¹)	.1	.5
South Carolina.....	(¹)	(¹)	(¹)	(¹)	.1
South Dakota.....	(¹)	(¹)	(¹)	(¹)	(¹)
Tennessee.....	(¹)	(¹)	.9	.1	.6
First district of Texas.....	(¹)	(¹)	(¹)	.1	.7
Second district of Texas.....	.1	(¹)	(¹)	.1	.6
Utah.....	(¹)	(¹)	(¹)	.1	.1
Vermont.....	(¹)	(¹)	(¹)	(¹)	.1
Virginia.....	.1	18.3	15.4	.1	3.0
Washington and Alaska.....	(¹)	(¹)	(¹)	.4	1.5
West Virginia.....	(¹)	(¹)	.6	.1	1.5
Wisconsin.....	.6	(¹)	.1	.9	1.3
Wyoming.....	(¹)	(¹)	(¹)	(¹)	(¹)
Philippines.....	(¹)	(¹)	.1	(¹)	(¹)
Total.....	100.0	100.0	100.0	100.0	100.0

¹ Less than 0.05 per cent.

Data from Annual Report of the Commissioner of Internal Revenue, for fiscal year ending June 30, 1929, pp. 58-74.

TABLE 13.—Individual income-tax returns for 1929, by States and Territories

States and Territories	Returns		Net income		Tax	
	Number	Per cent	Amount	Per cent	Amount	Per cent
Alabama.....	25,818	0.64	\$122,569,172	0.50	\$2,087,718	0.21
Arizona.....	12,448	.31	60,788,434	.25	1,113,774	.11
Arkansas.....	15,813	.39	68,010,936	.28	712,954	.07
California.....	309,047	7.64	1,689,896,424	6.81	45,360,278	4.53
Colorado.....	31,268	.77	158,751,528	.64	3,834,404	.35
Connecticut.....	82,049	2.03	561,547,753	2.26	23,693,045	2.36
Delaware.....	9,780	.24	148,850,300	.60	15,524,946	1.45
District of Columbia.....	48,087	1.19	242,282,698	.98	6,408,622	.64
Florida.....	30,040	.74	164,355,108	.66	5,936,377	.59
Georgia.....	32,289	.80	163,181,401	.66	2,785,942	.28
Hawaii.....	8,210	.20	43,200,997	.17	1,220,345	.12
Idaho.....	9,830	.24	38,525,958	.16	184,325	.02
Illinois.....	369,855	9.15	2,258,945,768	9.11	86,825,072	8.67
Indiana.....	76,493	1.89	366,846,042	1.48	8,208,031	.82
Iowa.....	45,023	1.11	222,103,300	.90	3,924,823	.39
Kansas.....	37,557	.93	181,061,364	.73	2,547,829	.25
Kentucky.....	34,023	.85	191,640,708	.77	5,076,854	.51
Louisiana.....	35,093	.87	170,713,908	.69	2,859,568	.29
Maine.....	19,173	.47	115,875,339	.47	3,561,754	.36
Maryland.....	68,654	1.70	425,185,985	1.71	15,641,824	1.56
Massachusetts.....	213,316	5.27	1,371,651,741	5.53	57,857,223	5.77
Michigan.....	177,918	4.40	1,029,756,680	4.15	40,599,864	4.05
Minnesota.....	60,701	1.50	337,880,743	1.36	9,799,141	.98
Mississippi.....	15,680	.39	63,922,168	.26	600,070	.06
Missouri.....	98,367	2.43	558,127,649	2.25	16,416,897	1.64
Montana.....	17,067	.42	71,397,232	.29	1,019,300	.10
Nebraska.....	30,962	.77	140,322,452	.57	1,919,473	.19
Nevada.....	5,174	.13	21,597,783	.09	356,444	.04
New Hampshire.....	14,341	.35	74,306,013	.30	1,734,828	.17
New Jersey.....	195,772	4.84	1,212,423,226	4.89	43,956,017	4.39
New Mexico.....	6,874	.17	30,875,636	.12	292,832	.03
New York.....	757,835	18.74	6,253,465,699	25.21	306,687,348	30.68
North Carolina.....	28,860	.71	130,352,897	.53	3,282,957	.33
North Dakota.....	9,170	.23	31,197,250	.13	111,346	.01
Ohio.....	215,804	5.34	1,259,871,939	5.08	43,633,678	4.35

Data from Statistics of Income, 1929, pp. 59, 60.

TABLE 13.—Individual income-tax returns for 1929, by States and Territories—Con.

States and Territories	Returns		Net income		Tax	
	Number	Per cent	Amount	Per cent	Amount	Per cent
Oklahoma.....	37,000	0.91	\$216,346,916	0.87	\$6,020,950	0.60
Oregon.....	28,194	.70	129,860,887	.52	1,663,776	.17
Pennsylvania.....	364,145	9.00	2,217,958,557	8.94	90,694,655	9.05
Rhode Island.....	26,481	.65	184,531,178	.74	7,851,363	.78
South Carolina.....	13,232	.33	50,257,416	.20	566,252	.06
South Dakota.....	10,449	.26	40,165,070	.16	390,886	.04
Tennessee.....	34,664	.86	177,388,337	.72	3,747,582	.37
Texas.....	113,555	2.81	592,518,704	2.39	12,866,950	1.28
Utah.....	13,163	.33	59,451,690	.24	881,606	.09
Vermont.....	9,586	.24	49,916,326	.20	1,019,863	.10
Virginia.....	38,631	.96	179,293,926	.72	3,201,104	.32
Washington ¹	65,240	1.61	302,258,404	1.22	5,775,343	.58
West Virginia.....	29,803	.74	136,768,017	.55	2,298,875	.23
Wisconsin.....	103,044	2.55	450,934,107	1.82	10,287,020	1.03
Wyoming.....	8,140	.20	30,813,018	.12	188,964	.02
Total.....	4,044,327	100.00	24,800,735,564	100.00	1,001,938,147	100.00

¹ Alaska included in State of Washington.

TABLE 14.—Corporations reporting net income for 1929, by States and Territories

States and Territories	Amount	Net income: Percentage of net income to total	Amount	Income tax: Percentage of income tax to total
Alabama.....	\$29,089,134	0.2	\$2,642,570	0.2
Alaska.....	836,816	(1)	46,257	(1)
Arizona.....	18,991,971	.2	1,732,371	.1
Arkansas.....	17,565,967	.2	1,450,711	.1
California.....	512,923,444	4.4	52,960,071	4.4
Colorado.....	52,349,386	.4	5,094,003	.4
Connecticut.....	199,914,339	1.7	20,781,847	1.7
Delaware.....	272,455,382	2.3	29,423,386	2.5
District of Columbia.....	52,909,244	.5	5,460,289	.5
Florida.....	28,114,338	.2	2,210,154	.2
Georgia.....	62,280,928	.5	6,104,989	.5
Hawaii.....	28,828,910	.2	3,045,503	.3
Idaho.....	7,524,958	.1	505,247	.04
Illinois.....	1,103,647,465	9.4	115,132,836	9.6
Indiana.....	124,079,665	1.1	11,980,232	1.0
Iowa.....	68,045,529	.6	6,998,769	.6
Kansas.....	134,228,182	1.2	13,952,047	1.2
Kentucky.....	77,305,053	.7	7,745,933	.6
Louisiana.....	53,648,140	.5	4,980,312	.4
Maine.....	35,378,748	.3	3,431,942	.3
Maryland.....	165,645,057	1.4	16,850,939	1.4
Massachusetts.....	444,569,972	3.8	44,619,551	3.7
Michigan.....	762,434,851	6.5	71,628,026	6.0
Minnesota.....	146,668,780	1.3	14,697,284	1.2
Mississippi.....	13,736,947	.1	1,130,678	.1
Missouri.....	262,694,594	2.3	26,786,038	2.2
Montana.....	11,941,519	.1	940,562	.1
Nebraska.....	30,079,150	.3	2,662,466	.2
Nevada.....	9,771,174	.1	971,353	.1
New Hampshire.....	11,948,182	.1	1,116,811	.1
New Jersey.....	444,894,582	3.8	45,680,190	3.8
New Mexico.....	4,320,225	.1	353,891	.03
New York.....	3,646,921,991	31.2	383,110,174	32.1
North Carolina.....	104,313,776	.9	10,862,756	.9

¹ Less than 0.05 per cent.

Data from Statistics of Income, 1929, p. 264.

TABLE 14.—Corporations reporting net income for 1929, by States and Territories—Continued

States and Territories	Amount	Net income: Percentage of net income to total	Amount	Income tax: Percentage of income tax to total
North Dakota.....	\$4,537,607	(1)	\$251,247	0.02
Ohio.....	687,230,541	5.9	71,392,513	6.0
Oklahoma.....	105,607,364	.9	9,794,658	.8
Oregon.....	30,026,503	.3	2,600,773	.2
Pennsylvania.....	1,060,023,187	9.1	112,112,660	9.4
Rhode Island.....	54,487,241	.5	5,503,588	.5
South Carolina.....	16,160,909	.1	1,464,494	.1
South Dakota.....	6,296,795	.1	394,531	.03
Tennessee.....	59,532,771	.5	5,744,440	.5
Texas.....	189,131,653	1.6	18,193,363	1.5
Utah.....	19,932,652	.2	1,813,568	.2
Vermont.....	10,254,589	.1	962,763	.1
Virginia.....	132,956,424	1.1	13,793,936	1.2
Washington.....	76,230,227	.7	6,985,766	.6
West Virginia.....	59,046,703	.5	5,757,011	.5
Wisconsin.....	198,397,599	1.7	19,928,164	1.7
Wyoming.....	3,975,846	(1)	262,169	.02
Total.....	11,653,886,002	100.0	1,193,435,832	100.0

¹ Less than 0.05 per cent.

TABLE 15.—Constitutional provisions relating to tax rates upon property

States, constitutional citations, and governmental units specified	General limits on tax rates ¹	Taxes permitted in excess of general limits			Aggregate rate for all governmental units within same area
		Excess rates	Purpose of excess levy	Popular vote required for excess levy	
Alabama (Art. XI, secs. 214-216; amendments III, VI, VIII, XIII, XVI-X-X): State.....	0.65 per cent. 0.5 per cent. ² 0.0 per cent.	None..... 0.25 per cent. ¹ 0.3 per cent. ¹ 1.0 per cent. 0.3 per cent. ¹	Retire debts incurred for necessary public buildings and bridges. Retire any debt created prior to 1876. Schools.	No..... Yes; majority No..... Yes; majority	None specified 0.65 per cent. 1.05 per cent. ¹ 1.5 per cent. ⁴ No..... 0.3 per cent. ¹
Arizona: None School districts.....	do. ¹	do. ¹			
Arkansas (Art. XII, sec. 4; Art. XIV, sec. 1; Art. XVI, sec. 1, 8, 9; Art. XXIV; amendments 17, 18): State.....	1.0 per cent.	None.....			Do.
Counties.....	0.5 per cent.	0.5 per cent. do. 0.5 per cent. 0.5 per cent. 1.0 per cent. 1.0 per cent. 0.5 per cent. 0.0 per cent. 0.5 per cent. ²	Construction of public buildings Retire any debt existing prior to 1874. Retire any debt created prior to 1924. County roads. Retire any debts created prior to 1874. Retire any debts created prior to 1924. Public improvements and utilities Retire any debts created prior to 1874. Retire any debts created prior to 1924. Schools.	Yes; majority No..... No..... Yes; majority No..... Yes; majority No..... Yes; majority Yes; majority	Do. 1.0 per cent. 1.6 per cent. ¹ 2.3 per cent. ⁷ No..... 1.3 per cent. ¹ 1.8 per cent. 0.5 per cent. ²
Cities, first and second class.....	do.	do.			
Other cities and towns.....	do.	do.			
School districts.....	do.	do.			
California: None, sec. 11): State..... Connecticut: None. Delaware: None. Florida (Art. LX, sec. 1; Art. XII, sec. 8, 10): State and local governments.....	0.5 per cent. ²	None.....			Do.
Georgia (Art. VII, sec. 1, par. 2; id. sec. 9): State.....	0.0 per cent. 0.5 per cent.	1.0 per cent.	Schools.	Yes; majority	0.5 per cent. ²
Idaho (Art. VII, sec. 9, 15): State.....	None..... 0.0 per cent.	Any rate necessary. do. ²	Public defense. Payment of debts.	No..... Yes; majority	None specified 1.0 per cent. ² None specified.
Illinois (Art. IX, sec. 8): Counties..... Indiana: None.	1.0 per cent. 0.75 per cent.	Any rate.....		No..... Yes; majority	Do. Do.

	(Any necessary rate— 0.2 per cent. Any rate Varies 0.75 to 1.5 per cent 0.9 per cent None.	Retire debt created prior to 1890. County roads. For schools. Schools. Retire any debts created prior 1890	No. Yes; majority No.	Do.
Iowa. None.	0.5 per cent.			
Kansas. None. ¹⁴				
Kentucky (secs. 157, 171, 177):				
Counties.				
Cities and towns.				
Other taxing districts.				
Louisiana (Art. VI, sec. 20; Art. X, secs. 3, 10; Art. XIV, secs. 11, 12; amendments of 1924):	0.525 per cent.	0.05 per cent.	No. ¹⁷	Do.
State.				0.575 per cent.

All rates are reduced to percentages for the sake of uniformity. The rates are expressed as percentages in some constitutions, and in terms of mills per dollar or cents per hundred dollars of property for others.

In addition to the taxes specified, Walker County is authorized to levy a tax of not over 0.5 per cent for roads and bridges provided such additional levy be approved by the majority vote of electors voting thereon.

In case no debt is outstanding which has been issued for construction of county roads, 0.5 per cent may be levied for the purpose of paying interest on bonds so issued, subject to popular approval in an election: not to exceed 0.25 per cent.

Numerous exceptions have been made to the general rate limit by constitutional amendments: (a) General limit on Mobile and Alabama city is 0.75 per cent; (b) 65 different municipalities are authorized to levy an additional 0.5 per cent for payment of debts; 54 of the municipalities are permitted to levy a further 0.5 per cent provided such levy be approved by popular vote; (c) municipalities are authorized to levy up to 0.5 per cent in addition to the general limit if such additional levy be approved by popular vote; (d) 3 municipalities are permitted to levy an additional tax of 0.3 per cent and Montgomery is authorized to levy an additional tax not to exceed 0.75 per cent; (e) 1 municipality may levy in addition to all other taxes not to exceed 0.3 per cent for schools. Montgomery may levy 0.75 per cent for payment of debts and maintenance of schools, in addition to 0.3 per cent.

Does not apply to certain municipalities listed as exceptions in footnote 3.

Certain school districts of Lawrence County may levy an additional tax not to exceed 0.5 per cent for the construction of school buildings, provided such additional levy be first approved by majority of qualified electors voting thereon.

In case no debt is still outstanding which was incurred prior to 1874 the maximum rate is 2.1 per cent.

In case no debt is outstanding without exception, the rate may be increased to 2.5 per cent for the location and operation of factories and industries or to encourage the operation of river transportation systems, may be levied.

In case no debt is still outstanding all the taxes to secure the location and operation of factories and industries or to encourage the operation of river transportation systems, provided such additional levy be petitioned by 10 per cent of property owners and be approved by a majority vote of electors voting thereon.

Cities may issue bonds and levy a tax of 0.5 per cent for payment of such to make public improvements and provide public utilities, provided such issue and levy be approved by majority vote of electors voting; if necessary to provide for light and water systems the levy may be increased to 1 per cent if approved as above by popular vote.

If no debts are outstanding which were created prior to 1874 the rate limit for all purposes is 0.5 per cent.

The State property tax rate is 1 mill and local property tax is 0.5 per cent.

The State property tax rate is 1 mill and local property tax is 0.5 per cent.

The purposes for which counties may levy taxes upon property are specified in the constitution, but no restrictions are placed upon the rates to be levied.

The constitution states that the aggregate State rate for all purposes shall not exceed 1 per cent, but the State supreme court has held that such limit does not include or apply to any taxes levied for the payment of State debts (§§ 3, 220).

The levy that counties may make for the purpose of paying any outstanding warrants is limited to 1 per cent, but not other limits are stated.

The law present in the constitution according to value shall be taxed for more than 2 per cent for both State and local purposes in case of property situated in cities or in the following fees: (a) More than half lies in a city; (b) In case of property elsewhere, the aggregate tax rate shall not exceed 1.5 per cent; (c) additional taxes may be levied to pay any indebtedness existing prior to July 1, 1933; (d) additional emergency levies to run 2 years may be levied by any taxing unit provided such be first approved by a majority vote of the electors voting thereon; (e) the legislature shall promote the permissible tax rates to the several taxing units; the proposed amendment will be submitted to the people in 1932.

The limits are as follows: For cities and towns having less than 10,000 population the tax for all purposes other than for schools shall not exceed 7 cents per dollar of taxable property for cities and towns having 10,000 to 50,000 population the tax for all purposes other than for schools shall not exceed 7 cents per dollar of taxable property for cities and towns having 50,000 to 100,000 population or more the aggregate rate for all purposes shall not exceed \$100; for cities and towns of 10,000 population or more the aggregate rate for all purposes shall not exceed \$100; for cities and towns of 10,000 population or more the aggregate rate for all purposes shall not exceed \$100.

In a two-thirds majority of the elected members of the legislature is required to levy the excess rate.

TABLE 15.—Constitutional provisions relating to tax rates upon property—Continued

States, constitutional citations, and governmental units specified	Taxes permitted in excess of general limits			Aggregate rate for all governmental units within same area
	General limits on tax rates	Excess rates	Purpose of excess levy	Aggregate rate for all purposes
Louisiana (Art. VI, sec. 20; Art. X, sec. 3, 10; Art. XIV, secs. 11, 12, 14; amendments of 1924)—Con.				
Parishes ¹¹	0.4 per cent ¹²	0.1 per cent. 2.5 per cent ¹³ 0.8 per cent ¹⁴ (Any necessary rate.)	Parish fairs. Public improvements and buildings. Schools. Retire any debt incurred by majority vote of property owners qualified and voting. Public buildings and improvements.	None specified.
Municipalities ¹⁵	0.7 per cent ¹⁶	2.5 per cent ¹⁷ 0.8 per cent. 0.1 per cent. (Any necessary rate.)	Schools. Municipal fairs. Retire any debt incurred by majority vote of property owners.	do.
School districts	0.0 per cent	0.8 per cent ¹⁸ 1.5 per cent ¹⁹ (Any necessary rate.)	Schools. Buildings and improvements. Retire any debt incurred by majority vote of property owners who are electors.	do.
Levy districts	0.5 per cent ²⁰	Any rate.	Maintenance of levees. Retire any debt incurred by majority vote of property owners who are electors.	do.
Drainage districts	50 cents per acre ²¹	Any rate required.	Maintaining systems.	do.
Road districts	0.0 per cent	(Any rate approved ²²) (Any nec. rate.)	Roads. Retire any debt incurred by majority vote of property owners qualified and voting.	do.
Sewage districts	do.	do.	Retire any debt incurred by popular vote.	do.
Maryland: None.				Do.
Massachusetts: None.				
Michigan (Art. VIII, secs. 10, 26); Counties.	None ²³	None.		do.
Minnesota: None.				
Missouri (Art. IV, sec. 47; Art. X, sec. 8, 11, 22, 23); State.	0.2 per cent ²⁴	Any necessary rate. (Any necessary rate.)	Payment of debts. Retire any debt created prior 1875. For public buildings.	do.
Counties.	Varies 0.35 to 0.6 per cent. ²⁵	0.25 per cent.	Roads and bridges.	do.

Cities.	1.0 or 0.5 per cent. ¹	(Any necessary rate.)	Retire any debts created prior 1875.	do.
Towns of 1,000 population or less.	0.25 per cent.	Any rate.	Public buildings.	Yes; two-thirds majority.
School districts in cities of 100,000 population or more.	0.6 per cent.	Any necessary rate.	Retire any debts created prior 1875.	No; two-thirds majority.
Other school districts.	0.4 per cent.	Any rate.	Public buildings.	Yes; two-thirds majority.
Road districts.	0.0 per cent.	0.4 per cent.	Schools.	Yes; majority.
Montana (Art. XII, sec. 9); State.	0.025 per cent.	0.25 per cent.	Public buildings.	Yes; two-thirds majority.
Nebraska (Art. VIII, sec. 6); Counties.	0.5 per cent.	Any rate.	Schools.	Yes; majority.
Nevada: None.		(Any necessary rate.)	Roads.	0.55 per cent ¹¹ 0.25 per cent.
New Hampshire: None.			Protection of livestock.	do.
New Jersey: None.			Retire any debt created prior 1875.	None specified.
New Mexico (Art. VIII, sec. 2); State.	0.4 per cent.	(Not over 0.6 ¹²)	Support of educational, penal, and charitable institutions.	None specified.
		do.	Payment of State debt.	do.

¹ Limits do not apply to Orleans Parish.

² Sabine Parish may levy an additional 0.15 per cent as long as necessary to pay bonds outstanding in 1921 for parish court building.

³ Sabine Parish may levy an additional 0.15 per cent as long as necessary to pay bonds outstanding in 1921 for parish court building.

⁴ The rate for any one purpose shall not exceed 0.5 per cent and the aggregate for improvements and public buildings shall not exceed 2.5 per cent in any 1 year; none of such taxes may run for more than 10 years.

⁵ Levy must be approved by majority vote of the resident property taxpayers, who are qualified electors, voting thereon.

⁶ Such special tax may not run for more than 10 years. Sabine Parish may levy up to 1.5 per cent for school purposes, to run not over 10 years and provided such be first approved by vote of taxpayers.

⁷ See Art. 22 of the Constitution of the State of New Orleans.

⁸ Municipalities that are by charter or law exempt from payment of parish taxes, or which maintain their own schools, may levy up to 1 per cent.

⁹ Such tax may run only 10 years unless again approved by popular vote; school districts in Sabine Parish may levy up to 1.5 per cent, subject to same restrictions.

¹⁰ For purpose of compensating for property used or destroyed in building or repairing levees, districts may levy an additional tax not to exceed one-fourth mill; also, levy district of Orleans may impose an additional tax of 1 mill to pay certain flood damages.

¹¹ Special taxes must be approved by majority vote of property owners who are taxpayers and qualified electors, such majority must also be owners of more than half of the property.

¹² Officers of districts may levy an additional amount without submitting the question to taxpayers if necessary to complete systems that are more than 80 per cent complete.

¹³ The constitution specifies certain limits upon the taxes that may be levied for the construction and repair of public buildings, roads, and bridges, but does not specify any general limits to the power of taxation; rate for road purposes shall not exceed 0.5 per cent; that for buildings and bridges may not exceed 0.01 per cent unless the additional tax be approved by voters.

¹⁴ Rate is not to exceed 0.15 per cent when the assessed value of property reaches \$900,000,000.

¹⁵ Rate is not to exceed 0.15 per cent when the assessed value of property reaches \$900,000,000.

¹⁶ In all others the general limit is 0.5 per cent.

¹⁷ In cities having a population of more than 30,000 but less than 100,000 the general limit is 0.35 per cent; in those with a valuation of \$6,000,000 to \$10,000,000 the limit is 0.4 per cent; in all others the general limit is 0.5 per cent.

¹⁸ Does not include any tax levied for livestock alone.

¹⁹ Levy is upon the assessed value of livestock alone.

²⁰ The total State levy is limited to 10 mills, and that for general purposes to 4 mills; hence the rate for State institutions or debts depends upon that levied for the other purposes.

TABLE 15.—Constitutional provisions relating to tax rates upon property—Continued

States, constitutional citations, and governmental units specified	Taxes permitted in excess of general limits			Aggregate rate for all governmental units within same area
	General limits on tax rates	Excess rates	Purpose of excess levy	
New York: None.				
North Carolina (Art. V, sec. 6):	0.5 per cent.	None.	Schools.	None specified.
State.	0.15 per cent. ^a	(Any rate.)	Special purposes.	Do.
Counties.		(Any rate.)	Payment of interest on State debt.	1.5 per cent. ^a
North Dakota (Art. XI, sec. 174; amendments XXIV, XXX):	0.4 per cent.	(Tax.)	Provide hail insurance for farmers.	
State.	1.5 per cent.	Not specified. ^a		
Ohio (Art. XII, sec. 2): State and local governments.				
Oklahoma (Art. X, sec. 9, 10, 27; schedule, sec. 25):				
State.	0.35 per cent.	None.	Schools.	0.35 per cent. ^a
Counties.	0.8 per cent.	0.2 per cent.	Public buildings created prior 1907.	1.5 per cent. ^a
		Any necessary rate.	Public buildings.	
		Any necessary rate.	Pay any debts incurred by popular vote for acquiring or repairing public-owned utilities.	None specified.
Cities and towns.	1.0 per cent.	do.	Retire any debts created prior 1907.	0.5 per cent.
Townships.	0.5 per cent.	0.5 per cent.	School maintenance.	1.5 per cent. ^a
School districts.	do.	Any necessary rate.	Buildings.	
Oregon (Art. XI, sec. 11): State and local governments.			Retire any debt created prior 1907.	None specified.
Pennsylvania: None.				
Rhode Island: None.				
South Carolina (Art. XI, sec. 1): State.	0.2 per cent.	Any rate.	Payment of debts.	Do.
South Dakota (Art. XI, sec. 1): State.		Any necessary rate.		
Tennessee: None.				
Texas (Art. III, sec. 51; Art. VII, sec. 2; Art. VIII, sec. 9; Art. XI, sec. 4, 7, 10; Art. XVI, sec. 56b):				
State.	0.77 per cent. ^a	Any necessary rate.	Payment of debts.	None specified.

Counties.	0.55 per cent. ^a	0.25 per cent.	Pay debts incurred for public buildings or debts created prior to 1883.	No.	0.95 per cent. ^a
Cities and towns.	0.55 per cent.	0.15 per cent.	Public roads.	Yes; majority.	
School districts, special and independent.	0.0 per cent.	0.25 per cent.	For public buildings, streets, sewers, water works, or to retire debts incurred prior to 1883.	No.	1.5 and 2.5 per cent. ^a
Common school districts. ^a		Any rate approved.	For schools.	Yes; two-thirds majority.	
Utah (Art. XIII, sec. 7): State.	0.29 per cent.	Any rate authorized.	Schools.	do.	None specified.
Vermont: None.		1.0 per cent.	do.	Yes; majority.	Do.
Virginia (Art. XIII, sec. 171): State.	No tax on real property. ^a	Any necessary rate.	District schools.	No.	Do.
Washington: None.		None.	Support of schools; retire any debts created prior to 1872.	Yes; majority. ^a	
West Virginia (Art. X, sec. 7): Counties.	0.95 per cent.	(Any necessary rate.)	Retire any debts authorized by popular vote.	No.	Do.
Wisconsin: None.		do.		Yes; three-fifths majority.	
Wyoming (Art. XV, sec. 4, 5, 6):	0.4 per cent.	Any necessary rate.	State educational and charitable institutions.	No.	Do.
Counties.	1.2 per cent.	do.	Pay interest and principal of any debt.	No.	
Cities and towns.	0.8 per cent.	do.	do.	No.	do.

^a The total levy for both State and county purposes is limited to 15 cents per \$100; the amount that may be levied by counties depends upon the rate for State purposes, with the State as a minimum.

^b Subject to the approval of the State legislature.

^c Approval of legislature is necessary.

^d Rates may be graduated according to risks in various districts.

^e Such additional tax may be levied subject to limits established by the State legislature.

^f Or when provided for in charters of municipal corporations.

^g Does not include special taxes levied in pursuance of vote of electors.

^h The revenue that may be raised by a tax upon property by either the State or any local government in any one year may not exceed the revenue of the preceding year by more than 6 per cent, except for the payment of debt or unless any additional levy be first approved by majority vote of electors voting thereon at an election held for the purpose; hence the tax rate for general purposes is limited according to the amount of revenue that may be raised. The taxes levied for debt or in pursuance of popular vote are not included in calculating the limits.

ⁱ The State levy is limited to 35 cents per \$100 of property for general purposes, 35 cents for support of schools, and 7 cents to provide pensions for veterans of Texas or Confederate armies.

^j The general county levy is limited to 25 cents per \$100 of property for general purposes, 15 cents for roads and bridges, and 15 cents for pay of jurors.

^k Counties bordering the Gulf of Mexico may by vote of two-thirds of taxpayers therein levy an additional tax of such amount as needed for the construction of sea walls, breakwaters, or for improving sanitary conditions, provided such levy be first authorized by law.

^l The aggregate rate in cities and towns of less than 5,000 population is 1.5 per cent; in all other cities and towns the aggregate rate is not to exceed 2.5 per cent.

^m Except those created by special legislative acts.

ⁿ Additional levy must be approved by a majority of the electors voting on the question who pay taxes upon property.

^o Except upon the rolling stock of public utility companies.

THE FINANCING OF UNEMPLOYMENT RELIEF—FEDERAL GOVERNMENT MUST ASSUME PORTION OF BURDEN

[By Dr. Simeon E. Leland, professor of public finance, University of Chicago]

The problem of relief is a Federal one and is not a problem for the loaning of Federal credit to States but is a problem for the use of Federal credit by the Federal Government with direct Federal aid. Now, in support of that general proposition, let us look at the financial set-up of the Nation.

MUNICIPALITIES DEPENDENT ON PROPERTY TAX

If we analyze the local fiscal systems, we find first of all that they are primarily dependent on the property tax for the bulk of their revenues. Some 60-odd per cent of the revenue receipts of the cities of over 30,000 comes from property taxes. In the smaller governments the proportion is even greater until, as you go down in the size of cities, you find many municipalities are forced to raise as much as 90 per cent of their revenues from property taxes.

Whether or not the general level of property taxation should be scaled down beyond the level of reductions indicated by declining valuations is one question. It is a question, however, that must be frankly faced because the real-estate interests have become articulate in their demands for tax reduction and, in some places, that warps practically everything the Government can do and completely obstructs any constructive changes in fiscal systems.

People have gotten the notion that the primary object of relief is relief of the property owner, little realizing that the only relief they are entitled to is a changed distribution of future taxes with reference to the per cent of revenue that comes from property rather than a reduction of each individual's tax bills. The two are by no means the same.

From a social point of view it seems to me that the kind of reduction to which they are entitled is one where a declining percentage of the aggregate revenues will, in the future, come from property taxes, but which does not necessarily imply a marked reduction because of the fact that the present level of real estate taxes has been largely anticipated and has entered into the price calculations of purchasers—many of whom bought the land tax free—and that any reduction in the level of individual tax bills confers a bonanza on individual real estate owners and will tend to advance their property values in general.

OTHER SOURCES OF MUNICIPAL REVENUE

It is first of all necessary for those of you who meet the problem of improving the financial predicament of the localities to see that clearly. It does not solve the problem of need of additional sources of revenue. There are none that the local governments can impose with any degree of success. They can not adopt municipal sales taxes or municipal gasoline taxes or impose municipal income taxes, nor can that be undertaken on a county basis.

The obvious effect of a city sales tax is to increase the number of transactions outside the city limits. The same thing is true of the municipal gasoline tax, ignoring completely the fact that most units of local government are so small that they can not adopt the kind of administrative systems that are necessary to make these taxes a success. They are indefinitely more difficult to administer than property taxes and require a degree of specialization, skill, and full-time employment. To maintain that service the requirements are such that it makes it difficult to be applied. The only source open to the local governments at the present time, which will assist them in meeting their increased financial burdens is a share in State collected revenues. The only way they can get this is by making clear their right to a share of these revenues.

STATE ADMINISTERED LOCALLY SHARED TAXES

In the past we have assumed that the government which can best administer a tax is entitled to the proceeds from the tax, but there is no necessary connection between efficiency of administration and the revenues from taxes. Taxes should be distributed according to their need, not according to the governmental unit which can best administer the tax. The property tax itself, which is the primary source of local revenue, can be better administered by the State than by the locality, and if it followed that the government which can best administer the tax is entitled to the proceeds, you can completely strip all local governments of

practically every source of revenue, save, perhaps, some few miscellaneous fees and charges which they make for services which they alone perform. The only hope for the improvement of the local revenue system is increasing the share which comes from the State, and that share ought to go to the localities, not upon condition, but as a supplement to general budgets to be spent any way the municipality sees fit, because otherwise they can not get a balanced revenue system. It is just as essential, in fact more so, that the localities have a balanced revenue system than that the State has one simply because the financial obligations of local government are more important from a fiscal point of view and from the point of view of services performed for the taxpayers than the State government. The State functions are either for the purpose of equalizing opportunities throughout the State or for providing facilities between governmental units or for undertaking the direct performance of functions in areas too small to maintain local governments on an adequate scale, rather than functions which are of a necessarily direct vital interest to the taxpayer.

The only reason you have State roads is because local governments could not build a connected road system. Every time the limits of a political jurisdiction ended, they ended with a bump or with the roads not being connected. The same thing is true with reference to education. The State enters into the educational field largely to correct the inequalities due to lack of taxable property in many political jurisdictions, so it makes State aid for that purpose. It undertakes the direct performance of the functions where the localities are too poor to provide them, but in general those are the functions which the State performs.

The locality, on the other hand, administers to the more vital wants, and the aggregate amount of its budget is much larger than that of the State which contains the cities.

I am generally opposed to allocating those shares of the State funds to local governments simply because it makes impossible the task of local budgeting. Budgeting should be a matter of the evaluation of needs, not a vested interest in funds, and good causes like education and charities or any other cause, if they once get their hands on a source of revenue which is set apart for them, tend to receive it constantly, regardless of need. Sometimes they will get too much. Many times they will not get enough, but the proposition becomes closed and the balancing operations became indefinitely more difficult.

UNEMPLOYMENT A NATIONAL PROBLEM

I think you can see the difficulty in which the local government finds itself with nothing to do but increase the property tax the inevitable consequence of which is to lessen the tax collections so that there is no source of revenue for local governments for meeting in an adequate way this problem. It is not their problem anyway. The problem is national in scope. Trade and commerce are national in character, no longer local. The depression is not a thing that has affected a single locality; the consequences are national and, if anything, they were largely produced by the action and inaction of the Federal Government, so that if you want to let causal sequence play a part you can again throw the thing on the doorstep of our largest and most capable political unit.

STATE FINANCING OF UNEMPLOYMENT

Let us look at the States. The States in general have poor revenue systems; there are a few of them, such as New York and Wisconsin that have a fairly well-balanced revenue system, but the bulk of the States rely for large parts of their receipts, practically 50 per cent, on the property tax which is also a source for local governments and supplement that by taxes upon corporations and inheritances, miscellaneous transactions, gasoline, sales, and the like.

A few of the States, some twenty-odd in number, maintain State income taxes, but the degree of elasticity possible there is very limited, and in a time such as this is undesirable from every point of view to increase the level of taxation which finds its way into increased costs of production and increased commodity prices. That means that practically the only thing you can increase without such effects is the personal income tax, and those taxes can be increased if you have no great consideration for the taxpayer. His income has already dwindled, making the burden of normal taxes more severe than it was before, and with the taxes which he must pay on other bases taken into account, it by no means follows that the elasticity in the local income tax is as great as has been assumed.

The result is that you have a choice of taking more money out of the pockets of the taxpayers and thereby increasing the costs of doing business and the costs

of living and retarding the return of business prosperity, for all advances in cost at such a time have that effect, or you have the problem of using local or State credit to finance the operations of the State governments. Those possibilities are rather limited. The States haven't a great deal of borrowing capacity. Most of them are limited by constitutions adopted before the Civil War when our forefathers anticipated all the problems that would now beset us, and when they wisely adopted debt limitations which in most cases have become so inflexible that the limit of indebtedness has long since been exhausted and all the subterfuges have been multiplied to their limit. The probability of dodging those requirements by the creation of new political units to hold the debts of present existing political units and by imposing upon them other political units to purchase and hold their debts, which is a theoretical possibility and which has been employed in practically every State in order to get away from those requirements, likewise is very, very greatly limited.

So the State is largely confronted with the alternative of either making conditions worse by the adoption of improper taxes such as production taxes, sales taxes, or taxes upon the various commodities which enter into trade and production, or of placing the problem on the Federal Government upon whom I said it belonged in the very beginning. You can not continue the process of placing the burden upon State and local governments without expecting dire consequences to follow.

FEDERAL AID SHOULD BE OUTRIGHT

It is my personal conviction that all of this loaning of credit by the Federal Government to the States must sooner or later be thrown back on or absorbed by the Federal Government. It is ridiculous to assume that the Federal Government will decrease its grants in aid for road purposes. Wait until 1935 comes and there is imminent danger that the road programs will stop, and then the proper way to handle that is by increasing the appropriation by enough money to absorb all existing advances, and I think that this is inevitable.

That does not solve the problem to-day—it puts the matter of Federal aid entirely upon the wrong base. Federal aid should not be granted on condition of repayment by extraction of taxes from people who have little or no ability to pay, which are those now reached by State and local government, but the tax should be placed on the entire nation where the ability to adjust the tax system, the capacity to pay, practically alone exists, and the job should be placed upon the Federal Government rather than upon State and local governments.

Now let us look at the Federal Government for a minute. What can the Federal Government do? It is faced with a deficit of some \$2,000,000,000 and is running more and more behind in balancing Budgets, and every time it tries to calculate its Budget it includes as a charge against current revenues all of the loans of its own credit which it has been making to States, cities and private corporations. About thirty-five fifteen hundredths of the funds of the Reconstruction Finance Corporation have been loaned to Governments. By the end of September it was about \$35,000,000 out of the \$5,500,000,000 which was loaned.

FEDERAL FINANCES

That is a small amount of Federal credit to have been advanced to local governments, but the difficulty is in assuming that those are charges properly to be paid out of the cash revenues of the Federal Government. Those are emergency appropriations for one thing, and they are loans for a second thing, and if they are to be repaid or not to be repaid they should not be charged as cash items against a Budget which is out of balance and which should not be balanced by the treasury department.

They charge up all public works expenditures for the purchase and construction of assets which shall be available over a long period of time; then they charge up all the permanent appropriations, the use of which goes on for a good many fiscal years. It is one thing to set up reserves of that character in a time of prosperity; it is a vastly different thing to set them up in a time of depression, and so you have all of that talk about the Federal Government's Budget going so badly behind exaggerated by the inclusion of items which never should be calculated in the balancing of a federal budget in a time of depression.

What can the Federal Government do with its revenue system? It can increase income taxes. Personal income taxes will come out of our incomes without entering into the cost of production or the price of commodities. It can impose a series of sales taxes such as it has done, increase the prices of products and decrease the amount which the public will purchase and, incidentally, get a lot less

revenue than the Treasury Department expects to get, which is exactly what is happening. You have a choice in the Federal Government between making the depression worse by the tax policy or by borrowing.

USE OF FEDERAL CREDIT

That is the thing that it resolves itself into as far as I can see it. When you say that the Federal Government can borrow you are told by the bankers whose doors have been kept open by Federal credit that they have no money to lend, and the Treasury Department objects to increasing the rate of interest which has been steadily declining since 1922 upon governmental obligations because any advance in the interest rate will tend to decrease the price of existing securities.

It takes no intelligence to assert that if the market rate of interest is going up those loans are going down, and they are going down willy-nilly and irrespective of Treasury acts. And so, having relied upon the banks as our fiscal agents, and having seen the door to Federal credit shut in our faces after having kept the banks open by assertions that the credit is inadequate, the only thing that remains to be done is either for the Federal Government to get some new fiscal agents or go out and sell its loans to the public.

That can and should be done. It is ridiculous that a government, which only takes 20 per cent of the national income in taxes, can not get enough money out of the hundreds of millions of national incomes on a basis of loans to supply the credit needs and relieve the demands of the country. It is just too ridiculous to deserve credence, and the demand of the market for credit will appear whenever the Treasury Department offers the proper interest rate for its loans, and the days of exhaustion and the point of exhaustion in Federal credit have certainly not yet arrived. It seems to me that as far as the Federal Government is concerned the problem is rather simple; that it can, without the imposition of arduous taxes which will prolong the depression, finance the relief demands of the community by placing a larger share of its Budget upon a borrowing basis rather than upon a tax basis, and whether it wants to or not, this is going to happen. It will not be able to balance its Budget and it will have to borrow. It would be infinitely better that the Government does it intelligently than that it be forced to do so as a last resort.

OTHER REVENUE POSSIBILITIES

Are there any revenue devices which the Federal Government might get which would help it in this emergency? The first thing it can do is reduce its tariff; it not only must do that if it expects to receive anything upon its war debts, but it likewise must do it from the selfish point of view of stimulating our own trade and every reduction in the tariff will be accompanied by increased revenues through customs duties to the Treasury.

Then, next, it may get some revenue from beer, but the possibilities of that do not run to the several hundred million dollars that the Investment Bankers Association has optimistically and hopefully assumed can be derived from this source. Of course, if we really want to go into that kind of taxation, probably the best thing we could do would be to impose taxes on tea and coffee which would fall on the poor man's breakfast table but would be better than general sales taxes which the Treasury Department and certain vested interests now continue to advocate.

Then there is the possibility of refunding a substantial portion of the outstanding public debt, the Liberty loans, carrying a higher interest rate than that at which the Treasury is now borrowing, and modest savings for relief purposes could be made there, so that you have some of those possibilities. None of them, it seems to me, are adequate to meet the situation except the increasing use of public credit.

Aside from some possibilities such as undertaking public works projects or the Reconstruction Finance Corporation stimulating some localities to ask for self-liquidating loans—they can get a lot of credit that way, and they properly can loan on that basis and should loan on it—the only thing that the Federal Government can do is to increase its use of and its reliance upon its borrowing capacity in this time of need.

During the last 11 years it has only retired its public debt some \$3,000,000,000 more than the sinking fund schedule required, and has not yet exhausted that reserve. The public debt now stands at about \$20,000,000,000, whereas its maximum limit was around \$25,000,000,000 at the close of the war. Surely the

return of prosperity and the insuring of some degree of permanent peace within our own borders is ample excuse enough and will provide a market at least for the \$5,000,000,000 worth of credit up to the maximum which we had during the war, and so it seems to me that we need to strip ourselves of a lot of the bugaboos that have been peeking at us from around the lobby corners and elsewhere and face the problem fairly and squarely. Now is not the time to increase taxes but the time to borrow, and borrow we should and borrow we must.

The CHAIRMAN. The committee will stand in recess until 2 o'clock. (Whereupon, at 11.55 o'clock a. m., the committee took a recess until 2 o'clock p. m.).

AFTER RECESS

The subcommittee met, pursuant to recess, at 2 o'clock p. m.
The CHAIRMAN. The committee will be in order.

STATEMENT OF DR. ISAAC M. RUBINOW, OF CINCINNATI, OHIO

The CHAIRMAN, Doctor Rubinow, will you please give your full name and address?

Doctor RUBINOW. My name is Isaac N. Rubinow. My residence is in Cincinnati.

The CHAIRMAN. Have you made any study of the unemployment situation in Ohio?

Doctor RUBINOW. My connection with the problem is through membership in the Ohio State Unemployment Insurance Commission, which was appointed by Governor White about a year ago and was delegated to study the problem of possible measures for unemployment insurance. The commission has rendered its report about a month ago, and was discharged, and has prepared a bill which is to be introduced in the legislature this coming month.

The CHAIRMAN. In connection with the work of that commission, which was primarily interested in studying unemployment insurance, did you become familiar with the present unemployment problem in the State of Ohio, its relief, and the resources available to meet it?

Doctor RUBINOW. Yes; the commission proceeded from the basis of the situation as it is and had to study the situation with regard to the need resulting from unemployment and the measures that are being taken now, the adequacy or inadequacy of relief, and its conclusions are based upon certain decisions as to the inadequacy of the present situation. The problem we have been dealing with is the same problem which your bill intends to meet.

Perhaps I might quote the conclusions of the commission in conference on the problem of relief as we found the situation in Ohio.

One of the cardinal questions which we had to face was whether the need created by unemployment could be met by relief as it is being granted at present, and the conclusions are as follows:

Charity was proved to be inadequate, inappropriate, and undesirable as a method of dealing with the distress of able and willing workers who are unemployed through no fault of their own.

Private charity funds are all exhausted, and so on. It does not mean that the commission thought charity was unnecessary.

The commission looked forward to a more workable plan for the future but it held hearings throughout the State of Ohio in all industrial centers, at which the conditions were described by social workers,

by public officials and by the unemployed themselves, so that we received a complete picture of the situation as it is at present.

In addition to which I may say that my own studies of the problem of poverty and unemployment date back for about 25 years.

The CHAIRMAN. Will you proceed now with any information which you think pertinent to the legislation under consideration?

Doctor RUBINOW. I think perhaps, Senator, I might begin, as we are after all dealing with the problem of unemployment, with a statement of the situation as we found it with regard to unemployment.

Ohio is perhaps in a better position than many other States, in having better information rather than better conditions.

In very rough terms, we found that the rate of unemployment at the end of 1930 was about 17 per cent. At the end of 1931 it rose to about 25 per cent and at the end of 1932 between 35 and 40 per cent.

Of course, those figures have more than a local application.

It is significant that our figures do not differ very much from those which the United States Government publishes through the Bureau of Labor Statistics in their monthly reports.

We find that general condition of unemployment as measured by these figures to be about 15 per cent, 25 per cent, and 40 per cent during the last three years, and the increase in those figures is of great significance, as I will be able to show in a few minutes, in relation to the increase in the amount of relief needed.

So far as Ohio is concerned, we have about one-half million persons, more or less, unemployed. The general estimate of about 12,000,000 unemployed in the country may be on the basis of these Ohio figures admitted to be a reasonable number considering the population of Ohio in proportion to the population of the country at large.

We found a continuous increase in unemployment during the last three years but a fairly stable condition in the last few months, so there may be reason for the statement that we have reached the bottom of the depression, but it does not follow from it that we have reached the limit of need for relief, and I think that is a very important point to keep in mind, as some of the figures I will quote will demonstrate in a minute.

In Ohio, it meant that our pay roll has been reduced to a good deal less than one-half. Our pay roll, according to our figures, in 1929, was nearly \$1,925,000,000 and, on the same basis, the pay roll in 1932 was about \$850,000,000, a drop of 56 per cent in the earning capacity of the million and a quarter people in Ohio who are earning their living and receiving wages or salaries.

I think those figures are worth while keeping in mind when we come to the consideration of the resources available at present, or to be made available in the future, for relief.

I live in Cincinnati. I do not pretend to represent the government of Cincinnati in this matter but I am in contact with the problem of relief through personal relationship with the department of public welfare and the figures I am to quote about Cincinnati, for example, are official figures furnished to me by that department.

Cincinnati, in some respects, is considered a model city. It is a middle-size city of about one-half million population. Our relief unit is Hamilton County and contains a population of about 600,000.

It is a city of diversified industry, not limited to one industry, and for that reason has not perhaps suffered as some other cities. It has not suffered as badly as Youngstown, which is dependent upon the steel industry, or Toledo, or Dayton, or Akron.

It is a city that prides itself on being the best governed city in the country. Its finances have not suffered as badly as those of some other cities. It has had the peculiar fortune of not having had many bank failures, only two banks having closed in Ohio, one by absorption and another one where the interests of the depositors had been safeguarded.

It has one of the oldest community chests in the country, which has never failed, which collects on the whole more per capita than most of the other community chests, so, in a great many respects the city is in a more favorable condition than other cities are in the country at large.

Now, in this city, 15,000 families are receiving money relief. Six thousand families are supported by work relief, two days a week, and 10,000 families are getting relief by groceries, through the commissary arrangements, so that the number of families that require relief and get it is over 30,000 in the city of Cincinnati.

The CHAIRMAN. With a total population of what?

Doctor RUBINOW. Of 600,000. That is, Hamilton County. When I say Cincinnati, I mean Hamilton County. That represents a population of at least 120,000, or over 20 per cent. The total relief given in 1932 approximates \$3,000,000. The needs of the city for next year are estimated by the director of public welfare at \$4,500,000. That figure is estimated by director of public welfare, Mr. Fred K. Hoehler.

Of course that is on the assumption that the industrial situation does not become any worse, but, the number of families needing relief continues to increase even with the static industrial situation.

The situation in other cities numerically is even worse. Remembering that our volume of unemployed, during the last two years, has doubled, it is significant that in Columbus, for instance, in 1931, we supported 2,100 families. At present it is 9,500, an increase of over four and one-half times as much.

Although unemployment has doubled from January of 1931 to December of 1932, within two years, in Canton, in Stark County, which includes Canton, and a few other smaller cities, the number of families supported has increased by 300 per cent, from 3,500 to 10,700. The same picture in Akron.

The CHAIRMAN. What are the figures for Akron?

Doctor RUBINOW. The lowest in Akron was in August, of 1931 with 1,500 families. At present it is 6,000. In 18 months, the number of families receiving relief has increased four times. There are altogether 62,000 families in Akron and 6,000 are receiving relief.

In Cleveland the number of families supported in January of 1931 was less than 9,000. At present it is 35,000, and that is an increase of about four times, and yet the proportions of families supported in Cleveland is smaller than it is in Cincinnati.

We found it difficult to get an explanation for it except possibly that we in Cincinnati, being a southern city, had a lower wage level, and for that reason the resources of the families may have become exhausted a little quicker than they have in Cleveland.

There may, however, be another reason, and that is that we have been a little more conscious of our obligation, and it is true, in Cincinnati, that no family goes without getting some relief.

The CHAIRMAN. Can you say that for the rest of the Ohio cities?

Doctor RUBINOW. Probably it is true that some relief, at least as far as food is concerned, is given to every resident family that applies. That does not change the situation that street begging has become a very common thing through every city in Ohio and, of course, the whole question revolves I think not so much around the question of the number of families supported but also around the question of the kind and quality and quantity of relief we are giving.

I think it is on that matter that we in this country now require a great deal of responsible thinking.

We have estimates of needs as now presented to the Reconstruction Finance Corporation. In fact, I have with me several applications from various cities. They are too cumbersome to be read or even analyzed.

The situation, however, is that the cities are under compulsion to, as it were, file a certificate of pauperism, and they are forced to give the sort of evidence that the family had to give to a social service organization in the days gone by, and that is, they are required to prove a complete exhaustion of resources. We have applied this principle to municipalities, and under those conditions they ask for the lowest minimum that they possibly can get along on, and even then, I understand, during the last few months, they seldom received as much as they asked. But from any point of view of meeting the problem, the amounts they ask and the amounts estimated for as needed are preposterously low.

The State Relief Commission was created as a result of the organization of the Reconstruction Finance Corporation, and has estimated the needs of the State for next year at \$45,000,000. Of this it said \$15,000,000 is available from State resources, and it had hopes, at that time, of getting \$16,000,000 from the Reconstruction Finance Corporation. The remaining \$16,000,000 or \$17,000,000 had to come from somewhere, possibly through new legislative action, taxes, or loans.

Now, this figure of \$45,000,000, which sounds like a fairly large figure, must be judged in the light of another estimate that 225,000 families will have to be supported in the State of Ohio in 1933. Personally, I think even that estimate is too low.

The CHAIRMAN. You mean the estimate of the number of families?

Doctor RUBINOW. Of the families, is too low. Even assuming that from now on the unemployment is not to increase, for which of course there is no guaranty because the upswing in October has already been wiped out, but even assuming the proportion of unemployment in 1933 is not going to go above the level of 40 per cent, the increase in the number of families receiving relief during the last two years indicates that the number of families needing and getting relief increases very much faster than the amount of unemployment.

We are faced with the effect of the exhaustion of resources so that while unemployment during the last year has increased by about 30 per cent, the number of families requiring relief has doubled, and I think we have no right to assume that next year the number of families is going to remain on a straight line.

The CHAIRMAN. Furthermore, you have no right to assume as far as the number of families is concerned, that the number receiving relief represents the total number who should receive it?

Doctor RUBINOW. Well, even assuming that, the State has now about one-half a million people out of work and the 225,000 families which we are supporting now represents about 45 to 50 per cent of the half million of the unemployed already needing relief. A year ago the proportion was very much smaller, and a year from now the proportion is bound to be very much larger.

The CHAIRMAN. I agree with your statement, but when you have testimony from a city like New York that there are 30,000 families in that city who are entitled to relief, who should be receiving it, and are not getting it, because funds are inadequate, that is a pretty good indication of the necessity for further relief.

Doctor RUBINOW. It is likely that in some cities, as, for instance, in Cincinnati, no family that is a legally resident family would go without any relief altogether, but even that, Senator, does not measure the existing problem at all.

I want to call your attention to the comparison between the two estimates; 225,000 families and \$45,000,000. The division is very easily made. We are thinking in terms of \$200 a year, or, roughly, \$15 a month, as the basis of our relief policy in this country.

Of course, I realize, as everybody must, that no power in the world can compensate for the loss of more than a billion dollars in the payroll in Ohio, or a loss of twenty-five to thirty billion dollars in the payroll of this country. I do not think there can be any question about that.

I am willing to grant further that we can not keep up the kind of American standard of living we indulged in two or three years ago when we talked about two cars in a garage, and were inclined to accept a flivver as a standard of a workingman's budget. There may be a good many other things that have to go by the board. We may even cut out all recreation, although it is a very sad thing to do, even all cultural needs. We may limit ourselves strictly to the fundamental four things, food, fuel, shelter, and clothing.

Certainly those four items can not be squeezed into anything like \$200 a year, and that is what we are trying to do in Ohio and everywhere else.

Now, in dealing with an emergency such as the San Francisco fire or earthquake, or the southern floods, it was a question of tiding over a large number of people over a short period of time, merely a matter of keeping body and soul together. But the kind of emergency we are facing now is entirely different in character. As a matter of fact, "emergency," in the dictionary, has two different definitions. It may mean a certain occurrence and it may mean a prolonged critical situation. We have had this situation for three years and we may have it a much longer time. It will not disappear in a day. What we are doing with the 10,000,000 unemployed people in the country is to establish a new American standard of life, and it is on the basis of \$200 a year. It means the lowest possible kind, the cheapest possible kind of food, without any right of choice as to what the food shall be, given by prescription so to speak—which you have to eat whether you like it or not.

In some cases it means some fuel and light, but we are willing to go back 50 years to get back to kerosene lamps. We have had testimony

to that effect. We have had testimony before us, given by the unemployed themselves, that water has been turned off in workingmen's dwellings, and so the great pride of American civilization, the bathroom for 40 per cent of our working population, is going by the board. We have found cases where water has to be borrowed for washing and cooking purposes. The self-supporting family is learning to become a dead beat as far as rent is concerned. They are taught that rent does not have to be paid unless you are bodily thrown out and then you are helped to get into another house by payment of one month's rent and wait until you are thrown out again, and this kind of thing is the result of reducing the American standard of living to \$200.

It is not any more a question of an emergency for a few people.

It is a new standard of living for 40 per cent of the working population, and I submit that the possibility of that standard affects the other 60 per cent as well, those who have not lost their jobs as yet but feel that they too may eventually be in the same position. And the American people must face the problem of a considerable adjustment in the wage contracts for over 30,000,000 people who are working for salaries and wages in the light of competition from those people who are brought to desperation by years of experience with a \$200 standard of living.

I think all our measures for relief must be considered in the light of what this standard of living is doing to our national psychology.

We have talked a great deal, particularly we in Ohio heard a great deal of talk, before our commission for unemployment insurance, of the demoralizing effects of the dole, the word by which the European system of unemployment insurance is described. Of course, we already have the dole in a sense of a gratuitous distribution of means of existence. We have the municipal and county and State, and now the Federal dole, but what really produces demoralization is not so much the dole as the inadequate amount of the dole.

I think, with regard to that, we in this country have been too busy to consider, we have been so busy finding ways of feeding people that we have not had time to consider the psychological effects of the situation that we are facing. We are willing, for the time being, to leave it for the future as an academic sort of a problem.

I must become personal. I have a daughter in Vienna studying at the university there, and I wish to tell you about the result of a very interesting investigation made on those lines, the psychological effect of unemployment, of which I have learned from her. There is an article about it in the last issue of the Nation, to which I would like to call your attention, under the sensational title "When Man Eats Dog."

A study was made of an industrial village of 1,500 people very near Vienna from the point of view of the psychological effects of unemployment. They all received their unemployment insurance benefits, but they have been out of work for several years, and the results are exceedingly significant and very alarming as to what a situation of unemployment combined with inadequate means of living does to a family.

I hope I am not taking too much time on the subject.

The CHAIRMAN. I am greatly interested in it, and I think the committee is also.

Doctor RUBINOW. The families were divided into groups and classified either as resigned or desperate or apathetic, with the interesting detail that most families were found in the last two groups, desperate and apathetic; families who did not care any more for the appearance of the home, who spent their time doing nothing or fighting with each other. There were a substantial number of families in that condition, and as a light upon the effect upon the dole it was interesting to find the smaller the dole the worse the effects were upon the family. It was not the dole doing the work, it was its inadequacy.

Those who for some reason were getting a sufficient amount remained fairly normal families and those in the low income group were demoralized for all practical purposes.

I think that with four million or five million families in this country being supported on a basis of \$200 a year—

The CHAIRMAN (interposing). Or less.

Doctor RUBINOW. Or less—we will have the same situation.

The CHAIRMAN. What have you to say of the demoralizing psychological effect on families which have to go through a period of having their resources exhausted until they are stripped bare, so to speak, before they are entitled to receive any relief in the average American city?

Doctor RUBINOW. Of course, the very fact that there is that period indicates our stamina, but it eventually breaks down. In our study of families, we have found it takes five or six months of unemployment for the normal family to come and ask for relief, families who never asked for relief before, and of course, under the present system, by forcing the communities to show pauperism, we enforce upon the communities the necessity of demanding from the families the same evidence of pauperism.

Perhaps it is worthwhile pointing out that while what is asked in the present bill concerns a fairly large figure of \$500,000,000, in comparison with the needs it certainly is not an amount that is going to carry us through very long.

In Federal policy for the last three years we have found it very difficult to learn the lesson of the situation as it confronted us. We began, for about a year, by denying the situation altogether, and when that became obviously impossible, we raised the issue of private philanthropy as against public relief, attaching a special virtue to private philanthropy and blaming public relief for all the iniquities of the dole. We depended upon private philanthropy.

It is without any particular pride that I want to point out that it was two months before the break in November of 1929 when I published an article under the title "Can Private Philanthropy Do It?" and pointed out there that private philanthropy can not meet a national emergency. Then, we created the issue of private philanthropy versus public relief. We then created the issue of local public relief versus State or national public relief, and public relief versus insurance. I might say that we developed a series of versus complexes.

As a matter of fact, all these taken together would have been barely adequate to meet the situation as it ought to have been met.

Now, with a half a billion dollars and a possible 5,000,000 families requiring relief, with an average of \$100 a year of Federal aid per family, to be distributed throughout the country, and with the utter impossibility of the country at large raising an equal amount,

we are facing a standard of relief which is likely to come below \$200 in the future.

I notice that some comment has been made in regard to the provision in the bill which requires 40 per cent of the amount to be distributed in proportion to population, and the suggestion was made that possibly that might result in an excessive amount for some communities.

Well, now, 40 per cent of \$500,000,000 makes \$200,000,000. It makes about \$1.50 per capita, about \$7 per wage earner, and it makes at most about \$15 per annum per unemployed person. I do not know of any community in this country, any State in the country, where that amount of money would produce an excessive amount over and above the needs.

The question remains as to how much localities can do of their own initiative as against Federal relief. A great deal has been said on that subject by others and I am not considering myself as a fiscal expert.

I know that in Cincinnati during the first half of 1932 private philanthropy was contributing about 65 per cent and public relief about 35 per cent. For the second half of the year 95 per cent of relief was public money; and the county's resources are exhausted for all the reasons that were given heretofore.

We can not increase taxes or borrow more unless additional legislation is passed and we depend entirely upon Federal relief at this time.

Of course, we are going to have another community chest drive in Cincinnati in the spring, as many other cities have had in the fall. We do not, however, have any reason to hope that we are going to get more money from private philanthropy in the future than we did in the past. In fact, all indications are it will be less. We have to remember that the total amount raised by all the community chests in the country under normal conditions did not exceed \$100,000,000 and that sum carried a tremendous amount of social service and had nothing to do with the relief of the unemployed. I believe social workers throughout the country now realize that not only can they not carry the entire load but they can not carry any part of the load.

The burden remained for some time on private philanthropy and then it was placed upon local funds before national funds became available. It has broken down the standards not only of relief but the standards of all municipal administration and all public life. It may be a small matter, but on Monday our schools did not open.

The CHAIRMAN. Last Monday?

Doctor RUBINOW. Yes; as they have opened since time immemorial. They will not open until next Monday. The delay is a method of saving a week of the teachers' salaries. I do not mean to say that the loss of a week's school time will demoralize our young generation. I hope not, but I think as a symptom it is of extreme importance. It is an admission that we can not feed people who are hungry without cutting down on our school service; and yet, for many years, the number of days the school is open throughout the year was an index of the cultural standing of the community. We had a month's enforced leave of absence in the school system last year. I do not know

how many more schoolless days we are having now than we had meatless days during the war, how many schoolless weeks we will have to have if we do not get enough money from the Federal Government to feed the unemployed and do no more than that. That is a situation that is not only an emergency for the unemployed but it is an emergency for the entire American people.

I do not know, and I do not suppose anybody can tell, how long the \$500,000,000 will last, but one can not question for a moment that additional appropriations will become necessary as this money becomes exhausted, so long as we admit one thing, that we can not leave families at least without food, and it is largely a result of the situation that we had not prepared for this situation in the past.

If we have no reserve for bad years accumulated during good years, the only possible way of facing it, evidently, is to draw upon the future.

It is from this point of view that the work of the State Commission on Unemployment Insurance is important, I believe, not only for Ohio, but for the Nation at large, and, if you are interested, I should like to make a brief statement as to our conclusions.

We came to the conclusion that the problem of unemployment in this country can not be met by relief; it can not be met by doing nothing during prosperous years until a situation such as this present situation occurs.

We proceeded on the theory that while this is the severest crisis that industrial America has gone through, that it probably is not the last one; that judged by experience of the past we may expect other crises and depressions in the future, although we hope they will not necessarily be quite as severe as this one has proven to be, and that therefore, while it is somewhat difficult to get the attention of people to-day in the problem of the future, this is the time to do it, and that if no measures are taken now, with the possible return of prosperity the problem will again be forgotten, and we may, in 1939 or 1940, find ourselves in a similar situation unless we prepare for it.

The commission has made some rather interesting tabulations as to what would have happened in Ohio had we not disregarded the problem of 10 years ago.

You know that there has been a good deal of discussion of unemployment insurance way back in 1914 and again, to a very much larger extent, in 1921 and 1922. If the crisis had continued at that time, if the depression had lasted for another year or two, some legislation might possibly have been passed, but then came along the wave of prosperity, or the hectic decade, and we forgot about it, and found ourselves in 1929 utterly unprepared.

Now, had we in 1923 passed a law in Ohio such as we are introducing in the State legislature this month, we would have had a fund which would have produced \$50,000,000 a year, by a charge upon industry of 2 per cent upon the employer and 1 per cent upon the employee. We would have been able to relieve all the normal unemployment which we had during the seven years, and of course these seven years were not all years of prosperity. We had depressions in 1924 and again in 1928. In fact, the prosperity and the boom was more concentrated in the stock exchange than it has been in American factories, but we thought we had a tremendous boom, and yet in the seven years we had two depressions.

We would have met the unemployment situation during those years; we would have come down to the beginning of this crisis with a reserve of over \$100,000,000; we would have had for distribution during 1930 and 1931, \$180,000,000 for the unemployed as against perhaps \$25,000,000 which we actually had. Of course, we could not have made good the entire loss of wages, but we would have made good about 15 or 20 per cent of it as against 1 per cent or 2 per cent, because, as has been shown by computations made by Dr. Ellery Reed, of Cincinnati, relief in Ohio amounted to 1 per cent or 2 per cent of the loss on the pay rolls. As compared to that, the extent of relief of 20 per cent would have made a material difference. We could have done even better if we could have courage to introduce a bill calling for 4 per cent rather than 3 per cent, if we could have the courage to ask the employee to contribute an amount equal to that of the employer, and had a 4 per cent charge upon the pay roll each year, on a 50-50 basis, there would have been enough money to see us through a depression of five years, which is about as long as we hope this is going to last.

We hope that the bill will pass, although we are conscious of a good deal of opposition from a group of employers who believe that they can go through this crisis without doing anything except to prevent the Government from doing anything.

We have been confronted with the criticism that Ohio has no right to establish a measure of this kind, because of the dangers of interstate competition.

We have been told that as a result of this many of our industries will take flight to Kentucky and Indiana.

The CHAIRMAN. We have had the same experience in Wisconsin.

Doctor RUBINOW. Of course, considering that a 2 per cent charge upon the pay roll met by the employer means probably an increase of only about one-quarter or one-half a per cent on the cost of the product, I think the danger is somewhat exaggerated.

We have been forced to face another criticism from another direction, that our plan provides for no contribution from the public treasury.

It has been argued, with a great deal of force, that the responsibility for unemployment does not entirely lodge upon the employer; that there is a public or State responsibility. I think, however, that responsibility is more upon the National Government and national policies than upon a State government or State policies. We have not provided for any contribution from the public Treasury, for obvious reasons, because the public treasury of Ohio, like most other States, is now exhausted as a result of the critical situation.

We could not in Columbus legislate for any contribution from the Public Treasury of the United States. That is obvious. There are, however, possibilities of indirect contributions from the Federal Treasury to the cost of unemployment insurance in this country by some system of subvention of State plans.

I am surely not minimizing the importance of ample relief, and yet one must view with a certain amount of regret the fact that it is necessary to appropriate millions, hundreds of millions, and possibly billions of dollars for relief without, in the final analysis, being able to show anything for it except the immediate relief. The question

must remain whether that embraces the entire responsibility of the National Government in this situation in which we find ourselves.

The CHAIRMAN. You are not under the impression that I think it does?

Doctor RUBINOW. I know that, Senator. I am more or less familiar with your views on the subject. We have been faced with a statement for some time that the American workmen want a job, not a dole. Now, we do not admit that the unemployment insurance system we propose is a dole. We do not like the word "dole." We do not like the implications of it. We do not like the comparison of a job and a dole. We realize there are no jobs at present and that therefore relief is absolutely necessary. We realize all those things, and yet the problem remains whether there is not something better than either a dole or relief or insurance. Of course, that is a problem not immediately before your committee. But the demoralizing effects of this low standard of relief of \$200, the demoralizing effects of enforced indolence for millions of people for years, can not be met in any other way except by putting people back to work.

Of course, that is the great problem confronting us, and that is the real emergency confronting the American people.

The day before I left Cincinnati I was present at a meeting of the American Statistical Association. We had all the scientific societies meeting in Cincinnati this year, at many of which meetings the problem of unemployment and depression were discussed. There were a great many differences of opinion, but perhaps the two diametrically opposite opinions were expressed at the last meeting of the American Statistical Association, represented by Col. L. P. Ayres of Cleveland, the vice president of the Cleveland Trust Co., on the one side and Mr. M. C. Rorty, the vice president of the International Telephone & Telegraph Co., on the other. Mr. Ayres said that the year 1933 was going to be a year of a great debate, the debate between sound money and cheap money. He was sure that the victory would be on the part of sound money and in the meantime conditions will gradually improve of themselves—how quickly he was not able to tell. There was no program as to what we might do about it except help sound money to win in the great debate.

I think perhaps Colonel Ayres is right in saying that 1933 will be a year of great debate, or of many debates. I think the most important debate will be whether we can afford to simply sit back and wait, or whether there is something that ought to be done about it.

On the other hand, Mr. Rorty insisted that if we do nothing, there is nothing to be expected, and that the improvement will depend largely upon what policies we will undertake to pursue in connection with the situation.

Of course, there are perhaps a hundred and one opinions as to what must be done to get us out of the depression, but the obvious thing is, Senator, in my opinion, to put people back to work, and if private industry can not do it, there is only one answer to it and that is that public authority is the only authority that can do it. That means public works, and it means public subventions of construction.

The experience of past depressions throughout the world has been studied by Professor Ohlen, a very well known European economist, in a report which was submitted a year ago to one of the bureaus of the League of Nations. It is pointed out in that report that restora-

tion and recovery usually come from investment in permanent improvements. You can not expect to get back by stimulating industry to produce goods for which there is no market, and that unfortunately is the only remedy we are trying to apply at present.

Upon every one of my trips to Detroit, I find a new ballyhoo about getting automobiles, new automobiles to be sold. We are told by one of our great popular economists, Mr. Babson, that what we have to do is apply Federal funds to the organization of a tremendous advertising campaign "to buy." Now, if we have the national income cut into half, we can not stimulate the purchasing capacity, and there is no other way to stimulate the purchasing capacity except to put people back to work and restore some of the wage losses sustained.

There have been two industries which have collapsed some time before the general collapse came industrially, and probably they were largely responsible for what followed. Those were the collapse of the automobile industry because of overproduction and the collapse of the housing industry in this country.

I do not believe that any effort to restore the automobile industry to its past dimensions can produce any results while there is no purchasing capacity. The only possible way you can stimulate the employment of labor and purchasing capacity is through building, through housing construction. It is the one industry in the country which still suffers from underproduction. It is the one industry where the demand is greater than the supply.

It may be a hobby of mine, but I want to point out that at the very height of our building industry we produced housing for only about 2 per cent of the population. One-half million apartments was the highest figure in 1926, and since then it has declined because the rents became so high people could not afford to rent.

It may be almost incredible that in the year 1932 our housing construction is measured by about 25,000 apartments in about 400 cities as compared with a half a million apartments six years ago, and this, as compared with 1,250,000 marriages which take place in this country every year and yet we talk about the preservation of the American family. We had 1,250,000 marriages and in 1932 we had 25,000 new apartments, which means doubling up of families; which means a continuous reduction in our housing standards; which means that the housing construction industry, which employed 2,500,000 people three years ago is now practically at a standstill; which means that we had spent \$3,000,000,000 for housing construction in 1926 and only \$100,000,000 in 1932.

Here is one industry in which there is no overproduction and which can be stimulated by the Federal Government, but of course under different conditions than the Reconstruction Finance Corporation provides.

We certainly do not expect housing construction to be stimulated at this time if the Reconstruction Finance Corporation will continue trying to make money in the transaction, charging a higher rate of interest than the corporation has to pay. For the purpose of stimulating construction, for the purpose of meeting two problems at the same time, both our horrible conditions of housing and our unemployment, I think the Government would be justified in offering loans either to municipalities for municipal housing or even to private cor-

porations for private housing projects, at less than the interest that the Government has to pay. Surely the increase in the income tax, as well as the reduced need for direct relief measures, would more than compensate for the loss of 1 per cent or 2 per cent or even the entire 3 per cent of a large loan for housing purposes. While I realize that this is rather far away from the problem that you are facing in the bill, I want to leave this thought with the committee, that that in my mind is the most direct way of attacking the problem of the loss of one-half of the normal working population of this country.

The CHAIRMAN. We are very grateful to you, Doctor Rubinow.

The CHAIRMAN. Dean Abbott.

STATEMENT OF MISS EDITH ABBOTT, DEAN OF THE SCHOOL OF SOCIAL SERVICE ADMINISTRATION, UNIVERSITY OF CHICAGO, CHICAGO, ILL.

Miss ABBOTT. My name is Edith Abbott. I am dean of the School of Social Service Administration of the University of Chicago, and professor of social economics. However, I speak to-day primarily because of my long connection with social work in Chicago, and particularly because of the fact that I am a member of the advisory board, so called, of the Cook County Bureau of Public Welfare, and of the subcommittee on relief. Therefore, I have been closely connected with the relief administration during this very critical period.

I wish to speak about four rather definite points. You have already had from Mr. Samuel Goldsmith a rather detailed statement about relief funds and other expenditures in Chicago.

The situation with reference to housing in Chicago has resulted from what may be called the moratorium on rents established by the relief agencies.

Secondly, I should like to speak of the commissary system.

Third, of the so-called hungry school children fund, promoted by a Chicago newspaper, the Chicago Tribune.

Fourth, I should like to take time, if there is time, to speak of the situation created by the fact that the employees of the various local governments of Cook County have now been reduced to a state of destitution and no relief money has been appropriated to make provision for a large number of those employees.

In the first place, the long delays—

Senator COSTIGAN (interposing). Are teachers included among the employees?

Miss ABBOTT. Yes. I will make a brief statement about that.

The long delay in the granting of Federal relief has resulted, not only in Chicago, but all over the country, in a general lowering of the whole standard of living, and particularly the standards of relief giving. With larger and ever larger numbers of families coming on the relief list, standards of living have become lower and lower, and that is at a time when the people asking help have been fine, independent, self-respecting people of a type not often seen on the list of relief agencies.

First, with regard to rents, as I have said, the boards of our various relief societies declared what we might call a moratorium on rents at the close of the year 1931. Very few rents have been paid in Chicago for families on relief lists since January 1, 1932.

There have been variations from month to month in the percentage of families whose rents have been paid, but the general policy of not carrying rents in the relief budget has been strictly maintained now for just over 12 months. This rent policy is supposed to have been dictated by the extreme emergency of the relief situation and the great scarcity of relief funds, but many of us do not forget that when the board members said there were no funds and decreed the great rent moratorium for the poor, they were not trying to get Federal funds and were not urging Senator Lewis and Senator Glenn, for example, to support the La Follette and Costigan bill of last year, which would have allowed us to go on paying rent as we should.

There has been what I think might be described as an irresistible conflict between board members and social workers on this subject.

The social workers of America were alarmed in the summer of 1931 and foresaw the need of very great relief funds in order to maintain their activities during that winter that they saw ahead.

As early as October of 1931, at the State conference on social welfare in Rockford, Ill., they adopted resolutions calling on our representatives in Congress for Federal funds for relief work. Our board members, however, came very slowly and very reluctantly to support this demand, and I am not sure they are very partial to Federal aid even at the present time. Instead, they adopted the easy way of decreeing that rents should not be paid for families on the relief lists.

I have here the reports issued by the statistical bureau of the Chicago Council of Social Agencies, showing the percentage of relief that goes for various items in the budget.

This report shows that in December, 1931, we spent 27.87 per cent of the total relief expenditures for rents. In January of that year, after the moratorium was decreed, we spent 5.84 per cent for rents, and we went down to 1.32 per cent in February, 1932, and to 1.90 per cent in March, and the last two reports that have been issued by the council that I have, for October, 1932, have shown a slight increase to 2.9 per cent and for November, which showed 2 per cent, but those percentages, of course, must be compared again with the 27.87 per cent which was a normal expenditure, so to speak, for rent in December of 1931.

The CHAIRMAN. Do those tables show any breakdown of the relief expenditures?

Miss ABBOTT. Yes.

They show, of course, a constantly increasing percentage of expenditures for food. Approximately 95 per cent of all relief expenditures are now going for food, whereas, in December of 1931, it was 52.4 per cent expenditures going for food.

Senator COSTIGAN. Is the clothing percentage shown?

Miss ABBOTT. The clothing percentage is always rather small. It was 0.6 per cent even in December. It is always a very small percentage as household expenditures go. We give out a great deal of used clothing and get clothing in various ways. It is only a very small percentage.

Senator COSTIGAN. Was that true in the old years?

Miss ABBOTT. Yes; it has always been a small percentage as far as I have any figures here to indicate, and that is my own recollection of it.

The result of this shortsighted policy has been an endless number of evictions and these evictions are still going on and on.

The night before last, a very fine, able woman, head of one of the unemployment relief service stations on the south side, told me of her distress because she had been called at her home a few moments before 11 o'clock and told that one of the 9,500 families in her particular district was on the street. This was a family consisting of a man, his wife, and six small children. A policeman reported this fact to her because she was the only one they could describe as a friend, and she succeeded in getting them temporarily in the Women's Shelter for Homeless Women; at about 3 o'clock in the morning she had found a way to get them boarded and put in beds for the night.

Now, the policy is first very unfair to the landlords, and second, very demoralizing to the families, and, third, it has governed the families into living in very unsuitable living conditions.

I have known a great deal about the housing problem for a long period of time in Chicago and I have received reports during this past year as a member of the State Housing Commission of Illinois, and at no time in the 25 years that I have been rather closely concerned about the housing situation there, have we had anything like the conditions that now exist with regard to the type of places where people are living.

The CHAIRMAN. Can you tell us something about that?

Miss ABBOTT. I shall do that.

I have said already this situation is very unfair to the landlords. They are right in bitterly resenting our relief policy in this matter, and they point out that these public or sometimes private relief funds are used for other necessities of the distressed families; they point out that we pay, for example, the A. & P. stores, we pay for the groceries and great numbers of supplies that we have to buy. We pay the gas company and we pay the milk company. We pay for clothing and shoes, but the one thing that we will not pay is rent.

The landlords are very indignant about it and I think, as I said, rightly so.

This means that after a year of this policy many landlords are now on the relief lists themselves.

For example, in the renters' court recently, one woman, who had owned some good flats that were now either empty or now had tenants and the tenants were on the relief lists, found herself with absolutely no income at all. She was compelled to apply to the relief station, and she came to one of the relief stations and said, "Now, the bank where I had all my savings has failed. You won't pay me my rents for the tenants who are on your relief lists, and so, if you prefer, you can take me on your relief list, because I am not able to eat bricks and mortar." The relief agencies have taken her, as they have taken many other landlords, on their lists, because of the policy that we would rather pay no rents and take the small percentage of landlords who themselves in turn break down, and treat them as destitute people.

The landlords turn off the lights; they turn off the gas, and they even turn off the water, although that is contrary to the regulations of the health department.

In a single month there were 135 cases of flats where water was shut off investigated by the health department.

The landlords became angry, and they threaten, even terrify, the miserable tenants who are on the relief lists, and who, as I said a short time ago, were independent, self-respecting people, with bank accounts and living in homes that they thought they were buying or owned.

The landlord, of course, wants to get them out without the expense of the renters' court for payment of eviction costs.

The policy of the relief offices is to pay one month's rent in advance to get the family in a new flat if they are finally evicted. Then the story begins all over and over again and families move and move. We have had families that have moved as many as ten times in a year.

This is, as I said, very demoralizing to the families when they try to find a new house, and the relief agencies are obliged to find them a new house and they have great difficulty in doing so because no landlord wants to get a family in his house from the relief list. Therefore, they say, "Is your husband working?" Women used to say "Yes; he is." They now say, "Where is he working?" And they check up on the employer that is given. Therefore the women now in many cases are turning in various names of their relations who are working instead of giving their own names and they get a house by deceiving the prospective landlord. They say they are not on the relief list when they are on the relief list.

The relief agencies say that they do not aid or abet families in deluding the landlords, but this is merely saving themselves at the expense of the clients, who of course must delude the landlords or they do not get in.

I remember one very unhappy woman sitting in the renters' court, and when the eviction order was issued and it was necessary for her and her children to go on the street again she wept very quietly. She was very self-restrained, but she began crying, and said, "It is just moving, moving, moving. I can get on very well with the relief food. I am very glad to have it, although it is not the food I was used to, but it is the moving, moving, moving," and all the children began to cry, causing a very great disturbance in court.

We have a great many cases of this kind.

I remember one little boy who was in court and who was very much surprised and a little disturbed by it, and he said, "We are just like gypsies, always moving all the time," and that situation, of course, is very demoralizing, as I have said, to children.

I remember one very unhappy woman going about trying to find a place for her family of children. She finally came back and told the relief worker she really could not go any more, that she felt she was guilty of sharp practice and deception. She said, "I do not know why I should inflict myself and children upon another landlord. No one wants to take us in, if they know what is the truth, that the rents will not be paid after the first month."

I had called to my attention recently by one of the workers in the relief agency, who knew I was interested in the housing problem, the fact that we had a case then of a man and wife who were sleeping in a room given them by friends, but they had three little boys and no room for the little boys to use, so the little boys were sleeping in cars in a near-by garage. The garage owner permitted the little boys to sleep in the cars after the cars were parked for the night, but they

had to get to sleep sometimes quite late, and had to get out in the morning early so that the cars could be gotten out, but the agency was, of course, trying to find some better way of taking care of that family, but it is enormously difficult with no one expecting to pay rent.

Senator COSTIGAN. Is the rent situation you have described in Chicago exceptional or is it general?

Miss ABBOTT. I think it is quite general in large cities. I noticed that Doctor Rubinow just referred to it in Cincinnati. It is, however, not as bad in many places. They have a very special policy, for example, in Milwaukee, and they make a certain rent payment. They do not pay the normal rent, but they pay something quite regularly.

New York, I think, has a much better record than we have, although a great many other cities have done just what we have done.

With regard to the lowering of housing standards, in the first place there is great overcrowding. Flat buildings that used to have six families in them, 3 on each side, now have frequently, 2, 3, and even 4 families in each flat, so that where you had six families in the building you now have anywhere from 12 to 24.

The CHAIRMAN. Twelve to 24 families?

Miss ABBOTT. Yes; families. This means that, well, I would say this, Senator Costigan, there is an old saying that only the poor are kind to the poor, and those who have little money give to those who have less. These people have been incredibly kind about taking in other families. When a family is absolutely destitute, or when their relatives have reached the last down step, or when they are on the relief list, and going to be evicted again, then the families go out and take them in, one more family.

I could give you a few cases if you would like to have me add further to this in a moment.

You have all these families using the same kitchen, the same utensils, and you have them using the same bathroom. No one any longer cares about decency. Everything gets filthy and they do not get any funds to pay for any kind of upkeep.

One of the worst cases of this kind is a building that we now call the "Angelus Building," on the South Side of Chicago. This was originally a fashionable hotel known as the Ozark hotel at the time of the World Fair of 1893. It is a 7-story building, which, of course, was once a well-heated, well-lighted building. It is now in such a generally run-down condition that the landlord can get no more money out of it and he does not try to do anything with it any more. He has offered it to the relief agencies to take and fit up for their clients if they want to. No relief agency will make an effort to do this because the building is really a fire trap. As it is now, there is no central heating most of the time. The building is seven stories high and there were, when I had a report that came to me as a member of the State housing commission recently, 206 persons with 118 children under 16 years of age living in the miserable kind of apartments that they now have in this old building. They had no money for the central heating, and therefore in each of these miserable quarters they were using what they call garbage burners, which is a kind of stove issued by the relief agency for the most part, and they got bits of relief and an occasional family was there that got a bit

of fuel in some way, or a bit of work, and they lugged their coal to their rooms and heated them as best they could over these garbage burners.

The halls are dark and the place is a fire trap, but the families can live there practically rent free. They can live there rent free if they must, but when they get jobs they pay a little.

These families stay there because it gives them security and after you have been moving, moving, moving, and do not know where you are going to sleep, or where the children are going to sleep, where the children are going to sleep the next night, you are grateful for any kind of shelter, and the old Angelus Building still stands there sheltering all of these families, many of whom are still on the relief lists of one agency or another because they can stay there and know that at least they are not going to be put out in the cold and dark.

The general situation with regard to overcrowding is very serious, indeed. I have recently had a letter from a member of the Unemployment Relief Service, in which he gives a number of these cases. For example, they are trying to remedy these, but must remedy them by finding a place where they can move, pay one month's rent, and let them stay indefinitely.

I am told of a father, mother, and nine children who are occupying three rooms; of a woman sleeping in the same bed with a married couple, who are friends, and with the 12-year-old daughter sleeping on a cot in the same room.

I am told of a blind and deaf mother with a sick daughter and husband using one bed, which is a three-quarter bed, in a small room, and of a mother living with her friends and with the boys staying in the garage. I have already spoken of that.

I am told of a man and wife and three children living with other relatives so that there are 19 people all living in four rooms.

We have never had anything like this in the city of Chicago in the 25 years in which I have known a great deal about the work of the relief agencies there.

Now, I should like to go on, if I may, to speak briefly of the commissary system.

This has already been described to you. There is another step in the low relief standards. The families are never given any cash. The great bulk of our relief funds go, as I have already said, for food, something like 95 per cent. A small percentage goes for fuel, and a small percentage goes for giving people car slugs, so that they can take the street cars to a clinic, or if the children live more than 2 miles from the public schools they are given one slug to get themselves one way, if it is between 2 and 3; and if it is between 3 and 4, they are given two cars slugs. We never give them any cash.

Senator COSTIGAN. When did cash payments cease?

Miss ABBOTT. Substantially, well, more than a year ago. This means that the families have no funds at all for any of the small emergencies of life.

We have had a woman, for example, come into the unemployment relief office and say that she had been sick and both her children were sick and that she could not write a letter because she had no postage stamps, nor did she have any money to give anyone to buy one. Postage stamps is a subject about which they complain frequently; that is, as to not having any cash with which to purchase

them. They have no cash for small things, for example, like pins or needles or thread.

I know I was told that the children in school quarrel over a safety pin. A safety pin is very precious now. They need pins to pin themselves together because their clothes are vastly more ragged than has ever been known in any city before and they have to pin together their wretched clothes and children quarrel over the possession of a pin.

The CHAIRMAN. What do these families do, in case of illness, for drugs or medical supplies?

Miss ABBOTT. We would supply that. In case of an emergency we would give them an order that would enable them to get that.

The CHAIRMAN. If a whole family was sick and they did not have a postage stamp, how would you find it out?

Miss ABBOTT. We would not find it out unless some neighbor came in and told us. We have had some such cases, but a neighbor usually comes in and tells us and the relief worker will then get what they need.

Senator COSTIGAN. Is hospital care also provided?

Miss ABBOTT. We are hoping to have free hospital care at the Cook County Hospital. It is greatly overcrowded now and the welfare fund is making a certain provision for free beds in two of the hospitals to meet that necessity.

With regard to the commissary system, I have here the type of ration list that we gave out, but it means that the families have, as I said, almost no choice about what they get.

The CHAIRMAN. Are these typical?

Miss ABBOTT. Well, they are the only ones they can have and there is a small choice of food. There is certain food for a Jewish family that they can have if they prefer that. There is a type of ration there for a Sicilian family or a Mexican family. There are certain slight differences in the kinds of food, but we issue a large monthly ration of staples, canned goods, oatmeal, Farina, and things like that, and then we give them two grocery orders a month.

In the month of October, when our relief funds ran short, we had to cut off one of those grocery orders. That is the only month when I could say we could have justified the report that there were a great many hungry relief families in Chicago. Except for that month, we usually gave them a rather substantial ration. Of course, it is very monotonous.

The CHAIRMAN. What is the difference? I notice they are numbered, No. 1, No. 2, No. 3, and No. 4.

Miss ABBOTT. They are the size of the family, for one thing.

The CHAIRMAN. What do these numerals and letters indicate—No. 1-D, E, and F?

Miss ABBOTT. The size of the family and certain variations. If a family prefers this ration, which has more flour, to that ration, which has more canned tomatoes, for example, they are given a slight choice. There are just slight differences and they are issued by number.

Senator COSTIGAN. Are the orders given to families or to individuals?

Miss ABBOTT. They are given to families and a very careful study is made by a skilled dietitian who is loaned to the relief fund from the Elizabeth McCormick Memorial fund, to make sure they get a reasonably adequate ration of food.

Senator COSTIGAN. What does the homeless individual receive?

Miss ABBOTT. The homeless individual has been cared for under what we call the shelter care, and until recently they were taken care of in the series of shelters for men or the shelters for women. At the present time, we are improving on that by working out a system whereby the homeless man is given a chance to work, for example, one day a week and by boarding himself with a family, which is a better system.

Senator COSTIGAN. Does he receive scrip?

Miss ABBOTT. He receives an order, but he can use it in the family where he is going.

The CHAIRMAN. I note on the back of each one of these is this notation: "This is a monthly ration of staple groceries intended for two or three persons. The ration is not complete. Other foods will need to be added, particularly fruits, vegetables, eggs, and milk." Where do they get those?

Miss ABBOTT. We give them a grocery order twice a month. During the month of October, we omitted one of the grocery orders. That was the great trouble that we had that led to the hunger march out in Chicago.

The CHAIRMAN. Did that cut off the fruit, vegetables, eggs, and milk?

Miss ABBOTT. Yes; they got just half as much of those things in October as they did before. They were told at the beginning of October they would have only one grocery order and must make that one last; but, as you know, children do not eat that way and the supplies were not so ample but what a great many of them were used up long before the end of the month; and during that last week in the month I think many families had very little in the pantry except packages of oatmeal, or something of that kind; and, of course, oatmeal may be a nourishing food but it is not very palatable with no milk or cream to go with it.

The CHAIRMAN. I notice the No. 4 ration has on the back of it, "This is intended for six or more persons." Do you have any elasticity if a family runs over six?

Miss ABBOTT. Yes; we still have some elasticity beyond that. We add to them in certain cases, and subtract from them in certain cases. For example, the orders are to give milk to children of certain ages in place of some other foods but then the value of the milk is subtracted from the total food ration for that family.

What I wish to emphasize about the commissary system, as we call it, is this, that in normal times no good relief agency believed in giving relief in kind, this way. They believed in giving relief in cash, treating the relief client as a self-respecting individual who could be trusted to spend his own money as told to spend it. Now, when we have these families who are from a very superior, self-respecting group, we have drawn down to the other kind of relief work which we thought we had given up certainly 25 years ago, relief in kind, almost exclusively, and this is true all over the country.

The reason for doing that is that you can, by arithmetic prove that, first, it is cheaper than giving the people even grocery orders exclusively and letting them buy, themselves, from the grocer. You can buy these large quantities and by mass buying and mass distribution you can save a certain amount of money. Many of us feel, how-

ever, that this saving is purchased at very, very heavy human cost. After all, something like 2,000 years ago, it was said that man can not live by bread alone, and this matter of devoting your relief funds entirely to orders and giving the people no right even to exercise the smallest initiative with regard to the purchase of their foods does demoralize men, women, and children, all of them. This is for some of them the fourth breadline winter, and many of them are breaking under the conditions that we have compelled them to live under.

The CHAIRMAN. Breaking in what respect—physically or emotionally or nervously?

Miss ABBOTT. I should say not physically as much as in general morale.

I wanted to go on, for example, with a statement about this hungry school children fund and say a word about it and what it has done for the children, but with regard to the men, there are many cases of desertion, and all, not only the men, but the girls as well as the boys, who are just leaving their homes and taking to the road in one demoralizing way or another.

After all, it seems as if it were not worth while to go on any longer.

I remember one woman in the renters' court, where they had turned off her gas and turned off her water, and her husband was very ill and one child was ill, and she said, although her gas had been turned off, she said she was going home and turn on the gas and then they would all die, that it was no use going on any more, and that general situation is more common than people understand.

I am not criticizing members of boards, but I think the social workers know, as board members do not, what is really happening to these people and what it does to these families to try to live in rentless homes and on food that is handed out to them in boxes, and they have no right to say anything, or as to which they can say very little with regard to the choosing of it.

With regard to this hungry school children's fund, the situation in the schools of Chicago was called to my attention two years ago by Dr. Anton J. Carlson, who is a great physiologist, head of the department of physiology in the University of Chicago and who was sent to Europe by the man now President of the United States, to take care of the nutrition work for children in Europe, and Doctor Carlson told me that he was hearing so many reports about the underfed children during that winter of 1930 and 1931 that he had gone around to some of the schools and had been scandalized by the undernourished condition of the children. He asked me what could be done about it and I urged him to go to see Superintendent Jorgen about a plan for having a system of free lunches for all children, or at least a ration of milk every day for all children.

I went myself to see the superintendent of the household arts department and going over things very carefully with her was convinced that it would take an appropriation of something like \$1,500,000 to \$2,000,000 to give the children in our schools a modest but nourishing meal every day. We thought, at that time, we might be able to get such an appropriation, but, of course, everything soon began to go from bad to worse, and the situation in Chicago with regard to taxation and the lack of public funds of all kinds began to be so serious that it was apparently hopeless to do anything, and these hungry school children necessarily had to go without. Therefore, a local

newspaper began to raise funds, and these funds have been intelligently disbursed and handed over to Miss Frances Swain, the president of the American Home Economics Association, and head of the department in the Chicago public schools.

I have here a number of letters that were written to Miss Swan by various principals in the Chicago schools. I do not know whether you would be willing to give me time to read a few of these letters.

The CHAIRMAN. We would be very glad to have you read them.

Miss ABBOTT. I have a letter from one principal, M. L. O'Brien, principal of the Grant School, 2433 Wilcox Avenue, Chicago, Ill., dated December 12, 1932, which reads:

From the opening of school until the present time we have been feeding many of the children of our school. We began with a small number which rapidly increased until we fed regularly, for a number of weeks, approximately, 50 children.

We have gone deeply in debt because our children were greatly in need of food. Every day we find children who come to school without breakfast and who state that they have nothing to eat in their homes. I had hoped to take care of this free feeding project by myself but find it quite impossible to do so.

I, therefore, ask that you allow us \$100 from the "hungry children fund" to meet our obligations. This amount will tide us over the remainder of this semester. Many of our children are suffering from the lack of proper nourishment.

I have another letter from A. G. Baurfield, principal of the Langland School, 2230 Cortland Street, dated October 11, 1932, directed to Mr. Swain, which reads:

I understand that a fund is being collected for the purpose of feeding destitute children in the Public Schools. When this fund is ready for distribution, will you kindly consider the needs of the Langland School children.

Many of our children are anemic through lack of proper nourishment. In this neighborhood, there are homes where the father has not worked for three years. And in some of the homes we have families of 10 to 13, and no wage earner. Milk is a luxury in most of the homes where black coffee and bread is a large part of the diet.

If you can arrange to put us on your list for sufficient funds to purchase milk for 50 children each day, it would be used where it would do the most good.

Anything you may be in a position to do toward helping us solve our problem would be greatly appreciated.

I have another letter which was directed to Mr. Swain under date of November 4, 1932, from Neal Duncan, principal of the Haines School, of Chicago, in which he says:

This is written to make application for money from the hungry children's fund to be used for free lunches in the Haines school.

The Haines School, located at Twenty-third Place and Princeton Avenue, is in the heart of one of Chicago's poorest and most poverty-stricken districts. The wage earning parent, in the majority, prior to the depression was an unskilled laborer; now he is out of work, and has been for untold months. The larger number of the families are dependent upon charity which has been slow and inadequate. The children in school do not have adequate meals.

We have 240 children in school who have been examined by a doctor and declared clear cases of malnutrition-anemia. For these children we are providing milk, and rest. They should have hot, nourishing lunches at noon but only half of them can pay for these lunches and we do not have sufficient money to do so ourselves for the remainder. We did not ask for money from the hungry children's fund last year. But last year we exhausted our surplus, almost, in providing lunches for a group of 150 children examined by the doctor and diagnosed as anemic, furnished free lunches for those unable to pay in addition to milk and rest. What little of our surplus was unused last spring had been used this fall.

Can you allot some of the money of the hungry children's fund to be used in providing the necessary lunches for these children in the Haines School? We

should be glad to have you, or any interested persons, visit us and see the actual conditions which speak louder of our need than can any written word.

I have another letter, dated November 16, 1932, from the Graham Junior High Schools, signed by Mary T. Maroney, principal, directed to Mr. Swain.

Up to the present time we have been feeding on an average of 177 children a day, 77 of which are from the anæmic divisions. Eighty-five of these children report that their parents are receiving aid from some charity. I have tried to give as few free lunches as possible, and those only in cases where it is absolutely necessary.

I will appreciate it if you will help us in any way possible, inasmuch as we are badly in need of aid at the present time.

The CHAIRMAN. What does she mean by anæmic divisions?

Miss ABBOTT. She means among her children there are children who have been sorted out by the various teachers as children who are apparently underfed, who are in need of some extra and special food.

I have another letter under date of September 23, 1932, from Leo Frederick, principal of the Seward School, 4600 South Hermitage Avenue, which reads:

The problem of free lunches is before us again. We are checking all cases that apply for help with the relief agencies in our neighborhood. However, in the case of our "open window" rooms we have a special problem. If the purpose for the establishment of these rooms is to be carried out these children need to be fed twice a day in the school lunch room. Regardless of the fact that the families of these children may be securing aid from relief agencies they are in no position to pay for the child's lunch at school.

Our survey of the "open window" rooms show 45 cases that need help. The school lunch room is now suffering a deficit due to the fact that we provided 14,706 free lunches last year without receiving any outside help and at the same time incurring a loss in the closing of our local bank early in the year.

Unless we are able to secure outside help we shall be compelled to cut the children from the "open window" rooms off our list as we have done with all the others in the school.

In another letter, dated December 20, 1932, from Joseph G. Tew, principal of the Crerar School, 1002 South Campbell Avenue, Chicago, it is stated that:

The money so far received from the fund administered by you has been used in the feeding of hungry children unable to buy lunches. So far, we have given 52 to 65 children hot malted milk and crackers at 12.30 daily in our penny lunch. Enough of Horlick's chocolate malted milk powder is used to double the total milk solids per cup, so that each youngster received the equivalent of a pint of milk, plus crackers or buttered bread. As you well know, this food is highly nutritious, sanitary, and easily prepared and digested.

It may interest you to know that at the present writing 49 per cent of the children here come from homes where no one is working. The remaining 51 per cent come from homes where the sister, brother, or mother may be the only member employed. In many cases where the father is employed, such employment is for part-time only, while no parent that I know of can boast of a lucrative position.

A committee from the Chicago Woman's Aid under the direction of Mrs. Koretz has been working in this school for some time. About three weeks ago distribution daily of five gallons of milk to 110 underweight children was started. While the names of a few pupils are on the two lists, the additional milk is so badly needed that no questions can be raised concerning the justice of this duplication.

In your inclosure the statement is made that "relief agencies are giving much more nearly adequate relief than last year." This may be true in general, but several families in this neighborhood that need and have requested charity, and have received none or families receiving an insufficient allowance of food for the maintenance of child health, are represented on our list.

The Tribune fund functions just as vitally and much more directly now in this critical period, as does religious, social, or economic training. Whether we appeal

to the brain or to the stomach, health standards must be maintained. For those who give that the hungry child may eat, Christmas joy may well take on the guise of self-appreciation and satisfaction.

In a letter dated October 24, 1932, from G. W. Blake, of the Longfellow School, 1901 West Thirty-fifth Street, it is stated that:

During the year 1931-32 with the help of the Tribune fund, we were able to feed approximately 75 children every school day by issuing 5-cent lunch tickets to the Greene School.

This year we have the same problem but only a small amount of money which was turned over to us by the Longfellow Parent-Teacher Association. The amount was so small that we had to cut many children off the list that we know need these lunches, and we are only giving tickets to children who would probably have no lunch if we did not see that they were fed. The giving of these lunches is saving the city money by preventing sickness which would have to be taken care of in these poverty stricken homes.

Without your help, we will probably have to stop giving lunches altogether. With your help, we will be able to feed as many as you are able to provide money for. If you could send us \$60 a month which would be enough to feed 60 of our undernourished children every school day there is no question, but that the bodies and minds of these little ones would be improved.

I have another letter from the John M. Smyth School, signed by Catherine M. Clinton, principal, under date of October 11, 1932, which states:

As you probably know the Smyth School is located in one of the poorest districts in the city and our poor youngsters are actually desperate because of lack of clothing and food. Many of the children come to school without breakfast and as yet we have been unable to provide luncheon for them.

You were so wonderfully generous to us last year and I hoped you might be in a position to help us this year. There are about 100 children who do not receive enough nourishing food at home and really should have luncheon here in school. These families do not receive help from the charities.

Again I wish to thank you for earnest cooperation in the past.

I have still another letter from Anna R. Jordan, principal of the Drummond School, 1845 Cortland Street, Chicago, under date of November 22, 1932, to Miss Swain, which states:

We remember, with gratitude, the help you extended us last year. Conditions are even worse this year and while I know that the demands made upon you are very heavy, our need is so great that we must call upon you again for any help you can give. The number of underfed children is alarming and seems to be growing. My teachers are helping many, but the number cared for is, of necessity, quite limited. We shall greatly appreciate what help you can offer us.

There are many of these letters but they are all very much to the same point, except that I have one letter from the Goodrich School, signed by Lillian B. Ackerman, principal. The Goodrich School is in what we know as the Hull House area, that I should like to read, because the principal of the school says she thinks in order to prevent any child from feeling he has been treated unfair, it would be well to give all the children in these rooms free lunches. She states:

May I enter my plea for funds from the Tribune contributions? I am particularly anxious to take care of the children in the anæmic divisions. During the fall when vegetables and fruits were plentiful, I felt it might be well to do little or no free feeding and save our small funds for the cold weather. As a result only 10 of the 60 children in the fresh air room are getting a hot lunch. This is a serious matter.

Miss Swain, in this case, in order to prevent any child from feeling he has been treated unfairly, it may be well to give all the children in these rooms free lunches. There is no question of the need. These children should be fed. We estimate that 75 per cent of our families are receiving aid from the relief agencies. The children are very generally in rags and tatters. I should be very happy if we could warm their hearts and bodies with our very excellent penny lunch fare. I shall be glad to hear from you.

There is no question of the need. These children should be fed. Of course, it may be that the principals were exaggerating. I know the relief agencies make every effort they can to see that proper nourishing food gets to these families but the food, as I have said, is very monotonous and many times undoubtedly the children do not get all that a skilled parent with a good stove could get out of the rations.

The final point upon which I would like to speak is that of the mission of our organization with regard to the employees in the city of Chicago. Some one referred to this this morning. I am a member of the relief committee which required the public employees who had reached a point of destitution to fill out this application for relief, and we issued also these instructions telling the applicants that this relief is granted to public employees only on the basis of actual need. The bureau of public welfare will certify to the Illinois Emergency Relief Commission that relief must be furnished to prevent suffering.

Now, one reason for doing that was that, after all, we are in charge of certain relief funds, and if the various public organizations in Cook County could not pay their employees from any other fund, and they are reduced to coming on the relief orders, we can use those relief funds only on proof of destitution on the part of those employees.

I have here a statement from the Chicago Tribune showing what the situation was on December 22, 1932. The headline was "City is paying—schools get checks to-day," and the other public employees were to get checks on the next day. However, when you read the articles you find that all they were getting was two weeks' pay for the last of June.

The citizens' committee that has had this matter in charge goes around from one public body to another and orders these public bodies to reduce budgets, and if the public bodies are willing to do what this committee, made up of bankers and others, orders, that is, orders them to do, then, on the basis of these terms they will make some small payments, such as they made before Christmas of two weeks' pay. Since that time another two weeks has been paid, so that they are vastly better off at the moment than they have been for a long time, but there are some employees of the board of education who have not been paid for eight months. This is not teachers alone or people who have good salaries. It means janitors and mechanics of all kinds. It means that a stenographer who has had no salary, and who may be the only person in her family working, none of them being eligible for relief, has borrowed as much as she can borrow and is walking long distances to save car fares because she has no money for car fares, and is going without lunches. The position of employees in Cook County is so humiliating that it is very difficult to describe it.

I had a probation officer, a university graduate, who had also had more than a year of graduate work, come to see me the other day and tell me with tears in her eyes how grateful she was to get the \$50 relief order that we have loaned to these public employees. The public employees think because it is only a loan it ought not to be on what they call the humiliating terms that require them to fill out this relief blank, but I certainly agree with other social workers of Chicago that it is a disgraceful position that we are in and that we are treating our public employees in a disgraceful way.

The Tribune, on December 21, said that we owed them \$44,270,000, and the great bulk of that money is owing to people who spend most of what they earn, so that this is one factor in the general breakdown of life in Chicago.

The CHAIRMAN. Do you know, Miss Abbott, how many of the public employees responded to that?

Miss ABBOTT. Well, we had to stop. We stopped after three days. We had \$100,000 at first set aside for the relief work, and in three days that was all gone. Then, we got a larger sum from the relief commission, and I could put in the record, but I do not know now just what the state of that is. Of course, many of them do not respond because they are not given cash. They are only given this particular kind of a grocery order and I have former students, for example, who, as I have said, are university graduates, many of them, with high degrees from the university, who have been placed in this very bitter position of not being able to pay for their board and room for months, but these grocery orders are of no use to them because they do not keep house, and they are able to get on in some way by running in debt and they could not set up housekeeping even if they tried, so it takes care of only part of the very large number of people who are destitute.

The CHAIRMAN. It would indicate a large amount of destitution among these employees if this \$100,000 fund was exhausted within three days?

Miss ABBOTT. Yes, there is a very great amount of it.

I might say also that it is not merely that we are not paying our public employees, we are not paying our widows' pensions, and we are not paying the families, foster families, who board our homeless children.

I am on a committee that boards a large number, a good many hundreds of these homeless children, and Cook County pays the boarding bills only. We have borrowed, for example, all told, something like \$45,000 within the last year to pay the board of those children and if we are not able to do that it means that the children go with two meals a day instead of three; that they have no milk and, in fact, they are not given the food that they should have. Now, those are not people on the relief lists that so board the children. They are self-respecting people, but we are hoping to pay them to board these children and the orders are months in arrears.

Senator COSTIGAN. Do the loans to teachers carry interest?

Miss ABBOTT. No; oh, no.

Senator COSTIGAN. What interest do you pay on the money you have borrowed?

Miss ABBOTT. We are not paying any interest because we have borrowed it from people who have been kind enough to lend it without interest. We could not borrow it from the banks. The banks will not take this kind of paper. We have borrowed it from generous people or a foundation of one kind or another where we have been able to do that.

If I may speak a little further, I would like to say a word about a county down State. We have this situation of unpaid employees in Cook County, but the same thing is true in different parts of Illinois, and I should like to call your attention for a moment to the situation in Franklin County, which is in the southern part of the State, and

in that county I have been told there are hundreds of children who have not had a balanced meal for years.

Senator COSTIGAN. Is it a coal mining county?

Miss ABBOTT. It is a county in which there are 27 mines, and the United Mine Workers of America report that only 19 of these mines have worked in the last 4 years, and at the present time only 10 mines are going.

For 8 or 10 years this county has been making part of its payments in orders which have always had to be discounted. The county clerk and treasurer says that no one has any idea as to the amount against the county in orders. Three years ago, Franklin County had 30 banks. To-day there are 7, and to-day there is only 1 bank of any size, controlled by the mines, and only 1 very small one doing business. The savings, the investments, and the means of making a living are entirely gone. I have been given a most discouraging picture of conditions there. Practically all county relief has been cut off. Since December 1, 1930, there have been no mothers' pensions nor blind pensions in many townships, and, in others, the pension is paid in warrants which must be discounted sometimes as much as 35 per cent. There has been practically nothing in the way of what is called "pauper relief." Every township in the county, and the county itself, are said to be deeply in debt.

When the fund for mothers' pensions was entirely cut off in December of 1930, there were 96 mothers with 319 children left without this sole means of support. They had only been given \$5 a month for each child, which, in many cases, of course, was very inadequate, but this was after all a regular allowance which gave a certain amount of security.

Our welfare facilities in a county like this are very inadequate. There is no organized health work and no one seems to be interested in the problem as a whole. The State department of health has a doctor who covers 12 counties, including Franklin, and who is interested primarily in the control of contagious and infectious diseases. There were 350 cases of open tuberculosis according to a survey made in 1930. These people are all living in their own homes as there is no provision there for care and Franklin County has no money for private care. It is impossible not to believe that the people of Franklin County have not made a desperate struggle to help themselves. They have made appeals for clothing and food and one woman said, "We have absolutely cleared out our clothes closets. We have nothing left and no place to turn." There is no way of estimating the donations of clothing and food. The schools out there have a food day once a week.

Recent reports from this county say there is no doubt that more young people are getting into trouble during this period of idleness and deprivation of even the necessities of life. I think the conclusion from what I have said is that the only solution at the present time is adequate Federal grants.

We can do nothing when we can not even pay our own local employees in the State of Illinois, not only in Cook County, but in other counties, as I have indicated. We can and must look to Federal funds.

I should like to supplement what my colleague, Professor Leland, said this morning with regard to the poor law.

I believe very strongly, as many students of the science of social welfare do, that there is no reason in theory for this principle of local

relief to which we are now holding. Professor Leland spoke of the Elizabethan poor law. In England, they have gone a long way from the Elizabethan poor law, which is still hanging around our necks in this country. In 1834, under what they call the new poor law, they set up in England a national administration; they scrapped the old parochial system. There were at that time something like 15,000 parishes in England giving local relief.

Under the new poor law that was reduced to something like 600 with a national poor law commission, which later became the national poor law board, and later went under the local government board.

One hundred years later, approximately in 1930, under the last concerted government, in England, the Chancellor of the Exchequer brought in and passed the new local government bill, and under this they have entirely scrapped the old boards of poor law guardians. They now have what are called public assistance committees, under the various county councils. That is this old poor law machinery which we still find on the statute books of our American States frequently, under the title "paupers" in the statute books, which has all been scrapped in England. Here we have 46 different varieties of State laws and in many of these States we have, not hundreds, but thousands of local units administering poor relief.

All through the Middle West, as you know, Senator La Follette, we have not merely the county system, but we have the township system, so that in Illinois we have outside of Cook County exactly 101 different counties, but many of those counties have different township groups that are giving relief.

I have asked our State relief commission how many different local administrative units we have in Illinois. No one knows. We go from one system to another, and back to the other again. That is even more true in certain other States.

I should say Ohio, for example, had a much more aggravated system of township trustees administering poor relief than we have in Illinois, and I should suppose that your system was as bad, or worse, in Wisconsin. It is the general system of the Middle West.

Students of the science of social welfare think that the way out is first toward State relief, and in the new relief services we have got State funds, and in many States mothers' aid and old-age pensions and blind pensions, and we think the next step, and the one that we are trying to insist on, and which we are introducing from our American Association of Social Workers, is this winter to try to get the old property law, so called, finally eradicated from our statute books. We think that we must have State funds and that these funds must be administered under State supervisions, so that we shall have a State standard, and we should like to go beyond that to a national system.

I do not like to take too much of your time, because I am late, but I should like to say this, that nearly 100 years ago a woman who was a great leader in the field of social work, Dorothy Dix, tried to get Federal aid for social-welfare purposes, primarily for the care of the insane and the blind. She finally succeeded, after a great many years here in Washington, and she was here at a time when she could see the Members of Congress only in an alcove in the library because it was not considered suitable for a woman to walk onto the floor of Congress, and she finally succeeded in getting a bill passed appro-

priating a large number of acres, 10,000,000, I believe, for the care of the insane, so that we should have a Federal land grant for the destitute insane and the blind as well as for railroads, but we had a person by the name of Franklin Pierce, who thought he was very much wiser than Miss Dix and the Members of Congress, and he vetoed that bill on the ground that the States should take care of their own.

I have tried to indicate to you what the situation is at the present time as we tried to take care of our own and how adequately we do it.

Senator COSTIGAN. Your rare experience and knowledge and nation-wide reputation leads me to ask whether you regard the present Federal relief legislation as adequate. I refer to the Reconstruction Finance Corporation act.

Miss ABBOTT. I think it is very inadequate for a good many reasons. Some of those have been outlined to you by others. In the first place, this money is granted under a board set up for business purposes. I am not criticizing them as being less kind or less anxious to take care of people than are the social workers of the country, but they do not know about these things.

We should, therefore, have, as is provided in your bill, a special board giving its time, its thought, to relief work primarily, and its intelligence, and nothing else. That is what is called for.

Secondly, with regard to funds, there can be no planning of any kind at the present time. We have had in Chicago, or Illinois, I think five different grants since the bill was passed and we have gone along from month to month and we have survived many uneasy nights when we did not know whether we were going to be able to keep the relief offices open for 24 hours. This is because the Reconstruction Finance Corporation, under its policy, gives only when they are satisfied that the States and local authorities are, as they express it, doing what they should to help themselves. No one knows what they are going to consider adequate self-help.

Now, in my opinion, there need not be any such conditions. Instead of waiting for us to come over and over again to Washington, or our representatives, there should be a board that is seeking out the people in need of help, like this hungry school children of Chicago movement, who are not yet on the relief lists, but many of whom, as you know, should be there.

We need very much more adequate funds than would be possible under the present system. I believe Illinois has had something like \$32,000,000. It is the State that has had the largest amount of money I think from the Reconstruction Finance Corporation up to the present time. Under their law, no State can draw more than \$45,000,000.

We shall need in Illinois, according to estimates which Mr. Goldsmith probably handed to you, estimated by the relief commission director who estimates the need of \$72,000,000, and that means we are paying practically no rents. If we pay rents, and if things continue as they are now going, we shall need well over \$100,000,000, and that would be, I should say, a conservative estimate.

The CHAIRMAN. For 1933?

Miss ABBOTT. Yes.

Senator COSTIGAN. It is difficult to plan properly on short-time allowances?

Miss ABBOTT. It is very difficult.

Senator COSTIGAN. You have mentioned Federal grants. Do you prefer those to Federal loans?

Miss ABBOTT. They should be grants. There is no use loaning bankrupt local authorities money at the present time. Moreover, under the present law, those moneys come out of highways, that is, highway funds, if we do not pay them in some other way. There is a great deal of feeling, particularly in rural Illinois, about getting the highway funds reduced. They think they should not be reduced. They feel very strongly. They feel bitterly about it.

Some one came to see me yesterday, before I left Chicago, telling me of a group of men who were organizing to present to the legislature a statement showing that highway funds must in the future be devoted to highways and we have no funds, as many of us see it, no expectation of funds to justify us in this kind of borrowing. However, my colleague, Professor Leland, is an authority to whom I look for support on many of these questions, and he has already given you his statement about them.

Senator COSTIGAN. Is it your conviction that under the present bill sound social standards would be better preserved and maintained than under the Reconstruction Finance Corporation act?

Miss ABBOTT. Well, I think the present act—is that what you mean?

Senator COSTIGAN. Yes; the present act.

Miss ABBOTT. Is very unsatisfactory because, for one thing, Mr. Bittner, who was also a witness this morning, spoke of the fact that Cook County was now on the county system instead of the State system.

I sat in on the committee on Wednesday of this week when we heard the report from Cook County, the commissioner of Cook County was on that committee, that they were going to follow State policies, because no one knew how long we were going to be on county funds, and our committee decided that was a wise thing to do, although we would like to change some of these policies, when we do not know more than a month at a time what we are going to do and it is much better to have some sort of stable organization, than it is to just go first to one and then to another, but we can make no plan that is a very long plan.

I should like to say this, however, Senator Costigan, we have been very fortunate in Illinois because we have had as chairman of our relief commission, Mr. Edward Ryerson, jr., and as director of that commission Mr. Wilfred S. Reynolds, one of our best known social workers. Those men have been very active about keeping up relief funds and at any rate in Chicago we have never closed the doors as they have done, for example, in Philadelphia last summer, in New York at more than one time, and also in places like Detroit. We have never closed the relief doors and we have never refused to accept applicants, so that we are not as badly off as many other cities.

Senator COSTIGAN. One witness to-day referred to the restriction of the relief funds in Virginia to work relief. Would that be fortunate or unfortunate if done in Illinois?

Miss ABBOTT. Well, of course, work relief is very desirable. The difficulty about work relief is that it is so expensive. We have gone over all that with our relief funds, and we do have a certain amount of those funds given out in the form of work relief, but it costs approxi-

mately one-third more. That is, you must have, let us say, 33 per cent more money if you are going to try to work out a vast work-relief scheme overnight.

Senator COSTIGAN. If you are to reach a certain number of people?

Miss ABBOTT. If we are to take care of all the people who must have care at the present time. We give a certain amount of work relief now, but it does not diminish the ordinary relief load in anything like the proportion of money that is given, so that it is an expensive luxury almost.

Senator COSTIGAN. Thank you, Miss Abbott.

The CHAIRMAN. Thank you very much, Miss Abbott.

Is there a representative of the unemployed councils here?

Mr. BENJAMIN. Yes; I am here.

The CHAIRMAN. Give your full name and address and the name of your organization.

STATEMENT OF HERBERT BENJAMIN, REPRESENTING THE NATIONAL COMMITTEE OF THE UNEMPLOYED COUNCILS

Mr. BENJAMIN. My name is Herbert Benjamin, representing the National Committee of the Unemployed Councils, 799 Broadway, New York City.

The CHAIRMAN. You notified the committee several days ago that you would like to be heard?

Mr. BENJAMIN. That is correct.

The CHAIRMAN. Have you a prepared statement?

Mr. BENJAMIN. I have notes which I have prepared from which I will make my statement.

The CHAIRMAN. You may proceed.

Mr. BENJAMIN. I want to deal with about seven points as they relate to the question of unemployment relief, but first I should like, as the representative of the unemployed, to place on record our protest against the fact that Congress, although it has already been in session for over 30 days, has made no more than a gesture toward steps to provide for the relief of the unemployed; and this, despite the fact that we are in the fourth winter of mass unemployment and destitution.

Also, I should like to say, by way of preface, that listening to the statements that were presented to this committee, I feel that these statements that we have, have been a very convenient form for some people to get off of their conscience many sins, to put it in that fashion, in which they have a very considerable share. As I listened to the reports here to-day, my feeling was that these statements should have come in from the persons who made them, or rather not from the persons who made them, but should have rather come, perhaps, from a prosecutor, a prosecutor representing the working class of this country who would confront; yes, the very persons who have made these statements, with the facts they have here given.

It is my hope that eventually it will be possible for the workers of this country to make known the facts about mass misery in this country.

Now, I want to first take up the question of the extent of unemployment, because the measure that is proposed here, and, in fact, all measures which are being sponsored nationally and are asking State and local cooperation, are based upon a complete understatement of

this unemployment and deliberate falsification of the extent of unemployment.

We had occasion to call this to the attention of this committee last year and we have the same task to perform this year. Under our direction, a study was made of Government statistics—reports of the Census Bureau, Department of Labor, Bureau of Labor Statistics, Department of Commerce and the Department of Agriculture—and on the basis of the figures of these official Federal bodies, we have been able to establish that on August 1 of this year there were some 16,000,000 of totally unemployed workers in the United States; that since April of 1930 unemployment has increased on the average of 100,000 per week; that for the past few months, that is, months preceding August, the average rate of increase has been 150,000 a week, or 600,000 per month.

According to this analysis of Government figures, which is quite comprehensive, and which we have here in detail, unless there has been a very radical change in the trend in so far as unemployment is concerned, there are to-day some sixteen millions of unemployed in the United States, and any relief measures which are to be considered must be considered from the point of view of a correct estimate of the number involved.

I do not need to advertise it before this committee, as it is generally known that the policy of the Federal Government has been to play down the extent of unemployment ever since the crisis began.

It is also known that last July a gentleman by the name of Ethelbert Stewart, who was in charge of the United States Bureau of Labor Statistics, was summarily relieved; he said, "the can was tied to him," because of the fact that he refused to lie about the facts with regard to unemployment in the United States. We considered it extremely important to bring forward the facts as to the extent of the mass unemployment, and the fact that at least 16,000,000 are jobless; that 48,000,000 of the population of the United States are entirely without means of livelihood.

The fact that the American Federation of Labor has, for example, in its statement to-day insisted on adhering to the very much understated figures on the extent of unemployment is, of course, no surprise to us, since the American Federation of Labor has always consistently followed a policy of merely echoing official statements made by the Government, and for the same purpose—in order to defeat the interests of the workers.

With all of the facts that are brought forward here with regard to the extent of destitution, the character of the destitution that prevails in this country, it is hardly necessary for us to bring forward additional facts. It would certainly be impossible for me or for any other individual or group of individuals to make an adequate description of the suffering, of the destitution, of the misery that prevails in this, the richest country in the world.

I do believe, however, that a few facts should be brought forward at this time with regard to the conditions imposed upon the most useful element of the population of this country.

We have, for example, recently concluded a study, independently of conditions in the city of Cleveland. For the purpose of the study we selected one section, a section largely populated by negro workers. We found, out of a typical group of 30 families selected at random, the following conditions, which are probably quite typical:

Out of the entire group of 30 families, only one person was working full time, while another was engaged in the fruit-selling business. Thirteen persons were working part time. Sixty per cent of the family heads were completely unemployed, and the average period of unemployment was 14 months. One-third of the heads of families had been working part time, and the average time they had been only partially employed was 16 months.

As far as could be determined wages were never adequate, even before the depression. The average weekly pay on the last regular job was \$18.40 for 42 hours. That these workers were not casual drifters and ne'er-do-wells is indicated by the fact that they had worked six and one-half years, on the average, for their last employers.

The average monthly income, including insurance benefits, loans, employment of all members of the family, and relief from the Associated Charities, was only \$122.50 per month in 1929 during the period of so-called prosperity. By 1932 their incomes had fallen 75 per cent to \$30.08 per month. Only five families were receiving charitable assistance, with the relief averaging \$21.68 per month per family, or \$4 per person for a month.

The average number of persons per family was 3.9, with 1.9 over 16 years of age. In the 30 families, there were only 8 persons under 5 years of age. Seventy per cent of the families were negro.

One-fourth of the group had been evicted some time since 1929, but many others had had to move to cheaper quarters. Fifteen per cent had had to decrease the number of their rooms. Three-fourths of the group lived in houses heated only by a coal stove while only 17 per cent had furnaces. Although the United States is known as a nation with modern plumbing, 11 per cent did not have water-closets, and 15 per cent did not have bathtubs. The city water supply had been turned off in 13 per cent of the homes because of inability to pay the water bills. By 1932, 39 per cent had no gas for heating or cooking while over two-thirds had had their gas shut off one or more times since 1929. One-third of the families had no electricity, and this had been disconnected one or more times since 1929 in 66 per cent of the homes.

Modern conveniences were found to be very scarce. Only 18 per cent had any kind of electric washing machine to lighten the labor of laundry. Many laughed at the very idea of their having such unheard-of luxuries. Not one family had a vacuum cleaner, and many did not know what they were. Although three families were telephone subscribers in 1929, three years later they had all but one been disconnected. Not a single family from the group was in possession of an automobile. Only one-fourth of them had a radio set in 1932, although throughout Cleveland 53 per cent of the families were reported as possessing radios by the 1930 Federal census. Only 53 per cent of the homes had even a phonograph or a piano.

The families fared little better in the field of health. While in 1929 there was sickness reported as having taken place in 65 per cent of the homes, three years later 78 per cent of the homes so reported. Malnutrition or undernourishment rose from 6.2 per cent in 1929 to 33 per cent in 1932. In the former year only 19 per cent went to free dispensaries, while 53 per cent availed themselves of private physicians for health care. In 1932 44 per cent were forced to seek service from free dispensaries and only 18 per cent could utilize the services

of private doctors. With the shifting of health care from private doctors to free clinics, one can imagine the effect upon the hard-pressed physicians in this neighborhood, as well as the effect upon the health of the people. Over three-fourths of those questioned felt it was difficult to get aid from the local relief agency.

It was revealing to those conducting the investigation in September, 1932, that most of the families seemed conscientious people whose primary difficulties were those of unemployment. There was some evidence that confidence in capitalist society was being broken down. Many of the people in this neighborhood are turning to the Communist Party for leadership out of their difficulties.

Supplementary facts regarding the condition of Negroes in 1930 and 1931 were obtained from an analysis of Green's Population Characteristics by Census Tracts, which was based on the Federal census of 1930. Although only 7 per cent of Cleveland's population is Negro, one-half of the census tracts having the highest proportion of jobless persons in January, 1931, were predominately Negro.

Cleveland was divided into 256 census tracts, areas of enumeration, each of which included about 5,000 persons. Twenty-six out of the 256 tracts in Cleveland had percentages of unemployment in excess of 40 per cent. This meant that in about one-tenth of the neighborhoods of Cleveland, 4 out of every 10 persons gainfully employed in 1929 were completely out of work by January 1, 1931. In one-half of these 26 tracts nearly two-thirds of the population was practically all white.

Although there was an average of 46 per cent unemployment in the 13 white census tracts having the largest proportion of jobless persons, in the Negro census tracts there was over 57 per cent unemployment. The average monthly rentals among the workers in the areas made up predominantly of whites averaged \$22; among the Negro areas where there was more unemployment and housing was obviously much less adequate the average monthly rental was \$24. Although about 22 per cent of the workers in the predominantly white areas had radios in their homes, less than 15 per cent of the workers in the Negro areas had any radios.

While 24 per cent of the homes were owned by their residents in the white areas, only 10 per cent of the people in negro areas owned their homes. These statistics, except for unemployment, were for April, 1930, when the depression had just started. It seems evident that few of these workers had ever enjoyed "prosperity." It is significant that although the indexes of unemployment were higher and radio and home ownership lower in the negro areas, the average monthly rental paid in the negro areas was \$2 a month higher. This supports the common observation that negroes are charged more for rent in a given flat than are white workers in the same or a similar flat.

Out of the 13 census tracts in which there was more than 50 per cent unemployment on January 1, 1931, 10 were predominately negro. All of the three areas having more than 60 per cent unemployment were negro. This indicates that as the universality of unemployment increased, the proportion of negroes in the area increased.

In the nine census tracts which had more than 75 per cent negro population there was an average of 51 per cent unemployment. Compare with this the average unemployment for the Cleveland

metropolitan area of 9.3 per cent. In the negro districts unemployment was five times as great as in the entire community.

In Gary, Ind., the conditions have rapidly worsened. Out of 12 banks in Gary there is only 1 open. More and more men are laid off each week. Two wage cuts in less than a year's time, one of 10 per cent and another of 15 per cent officially, and others unofficially. The bosses in the mills forced the men to plant "Hoover Gardens."

They give most of the men one or two days a week so that they can't get help from the city and charities. The charities refuse to give milk to those families who do not have children under 1 year of age. The city doctor, of the board of health, Doctor Bain, published an article in the paper recently that there are 500 families without water, but of course we know there are more. He also said he would have to condemn the houses that they live in, because they were menacing the health of the city, which would mean at least another 2,500 people on the streets of Gary.

The unemployed council is turning on the water, gas, and electricity of all cases that are reported, and is also moving in the families that are evicted. But it is physically impossible to take care of all cases with the forces they have. That's where the Daily Worker is a big help, because it organizes and makes more militant workers for the unemployed council.

The D. W. must be spread to the masses, and we workers must help financially. The Daily Worker did not appeal to me when I first began to read it about two years ago, but now I don't feel right until I have read the Daily every day.

Another case, involving the shutting off of water, occurred in Richmond, Ind. A report in the Richmond Palladium reveals that there are now 20 cases of typhoid fever in Richmond, and that 6 new cases were reported in the past month.

Until the water works began shutting off the water of the unemployed, this disease had disappeared from Richmond, so that these cases, which are all in the north end, the part of town in which most of the unemployed live, are especially significant.

The only remedy that the health department offers is that the people who are forced to use these filthy contaminated wells should "boil all water from wells." The unemployed council plans to demonstrate in a demand for the water to be turned back on before the water situation becomes more desperate.

From Oklahoma, Sequoia County, in eastern Oklahoma, it is an agricultural section, containing some of the best cotton and corn land of the State. Sallisaw is the county seat, a town of about 2,000 inhabitants.

One word expresses the condition of this county—ruin:

There is not one farmer in a dozen that sees his way through next year. Take, for instance, the farmers that took out the farm loan money. Most of them still owe a part or all of the original loan. It will take 1,000 bushels of corn to pay \$100, for corn is now selling at from 10 cents to as low as 8 and 9 cents a bushel. The average farmer has not made 1,000 bushels of corn. Hence his entire crop will not pay the ordinary farm loan, which is usually \$100.

Children are undernourished and overworked.

Men and women work long hours gathering crops that will bring them nothing. Potatoes are selling for 30 cents a bushel, chickens 5 cents a pound, cotton about 6 cents a pound. Nothing but misery, despair, and destitution face the people here.

In a vague way, the people are beginning to talk revolution. Of course, this is supposed to be a Democratic county, and a few are building hopes on Roosevelt to lead them back to prosperity. If this county is typical of the entire United States, it is high time some drastic action be begun. These people are ready.

We have had reports here from representatives of various social service organizations, and these reports have quite frankly confessed the kind of conditions that are being imposed upon the unemployed

masses through the agency of these relief organizations and institutions, but we, of course, get many more such reports, because the extent of the abuse that is suffered by the unemployed workers at the hands of these relief agencies' representatives, so many of which have appeared here, is entirely beyond description.

Here, we have, for example, a man who dies of hunger as the relief agencies argue the question of jurisdiction. This comes from Warren, Ohio.

Three hundred single workers are sleeping on the river bank, in the fair grounds, in empty lots, and so forth. Single workers drawing "relief" get 75 cents a week for which they must work three days a month free for the city. Relief to families is not even at the rate of 75 cents per head—and all relief slips are payable only at grocery stores where the rates are high. Republic Steel continues to lay off. Some workers have been barred from relief for signing the petition lists to put the Communist Party on the ballot in Trumbull County.

There are 2,300 families delinquent in paying their water bills, and many have been cut off. Gas is shut off, light is shut off—workers applying for relief are many times forced to wait for weeks—and sometimes refused entirely. At a meeting of the city council and the "leading citizens," Kilpatrick, head of the family service bureau, reported that one man had died of starvation while the various "relief" organizations were settling a jurisdictional dispute as to who should feed him.

Workers who for years have paid every month to the community fund are forced to work out their relief for the city just as though they had never paid a cent into the fund.

Meanwhile the city has awarded a contract for light to the Ohio Public Service at a rate which even the local chamber of commerce agrees is exorbitant.

A threat that the family service bureau may be forced to close down by the middle of November was made by Kilpatrick, who said resources were running low. At the same time the community fund gives funds sweated from the workers under threat of discharge to the Boy Scouts, the Y. M. C. A., and so forth, and for the first six months of this year gave only \$66,410 for relief.

The CHAIRMAN. What is the date of that article?

Mr. BENJAMIN. The date of this is October 17, 1932.

The CHAIRMAN. And from what paper is it?

Mr. BENJAMIN. This appears in a worker's correspondence column of the Daily Worker.

That conditions are not any better in the State of Wisconsin, in the city of Milwaukee, under the Socialist administration, is even admitted by the New Leader. Carelessly, it is true, there was a slip on their part, but they nevertheless carry the following report:

Children in my district are so ragged that they can not be sent to school. We have a compulsory educational law but poverty has become so extensive that children are kept out of school because they do not have enough rags to cover them. Private relief agencies say you no longer furnish clothing because of lack of funds.

The CHAIRMAN. What is the source of that?

Mr. BENJAMIN. The source of that is the New Leader, the Socialist weekly paper.

The CHAIRMAN. What is the date of it?

Mr. BENJAMIN. The date would be approximately the end of November. This New Leader did not report what the Socialist administration in Milwaukee was going to do about the situation to which that refers. Much has been said of homelessness, of evictions. It is true, of course, that the number of evictions keeps piling up and that the only thing that prevents the evictions from increasing more than they do is the struggle of the workers against the evictions.

We have the following from Cleveland:

More than 9,000 eviction cases have been filed in the municipal court so far this year, amounting to more for the eight months to September 1 than for all of last year, according to records disclosed by Chief Justice Burt W. Griffin. At the same rate over 14,500 cases will be on record by the end of the year.

In 1931 there were 9,039 eviction cases filed in municipal court. In 1930 there were 7,084 cases, in 1929 approximately 4,600, and in 1928 there were slightly over 4,000.

This carries a date line of October 7.

The CHAIRMAN. What is the source of that?

Mr. BENJAMIN. A report by Chief Justice Burt W. Griffin.

The CHAIRMAN. What paper was it taken from?

Mr. BENJAMIN. I really can not say.

New York is no exception to this. Incidentally, I think I heard Miss Abbott say that the conditions prevailing in Chicago do not prevail in New York with regard to the payment of rents. Miss Abbott probably does not have all the information on the subject. The conditions are identical in New York as they are in Chicago with regard to the question of the payment of rents. The relief agencies refuse to pay rent and evictions are consequently increasing, and the same practice is put into effect in New York that has been described here by Miss Abbott as being in effect in Chicago, that is, when a family is finally ejected, the relief agency pays the rent for one month and imposes this family upon another homeowner or landlord and then waits until the legal time for a further eviction, so we have from New York the following:

A large increase in evictions of unemployed workers in New York for September, 1932, as compared with September, 1931, is reported by Frank J. Taylor, public welfare commissioner, who admitted that the only thing the home relief bureau proposed to do is to move families to worse rooms unfit to live in, or to engage in a pretense of conferences with the landlords so as to lull the worker into a sense of security while the marshal gets ready to throw out the furniture.

The budget of the home relief bureau, Taylor said, is "limited" in regard to rent payments.

Landlords filed 27,387 dispossession petitions last September, as compared with 17,859 in September, 1931.

Only by a militant struggle, through organized block committees and unemployed councils, will the workers put a stop to these evictions. And only the Communist Party maintains a day-to-day struggle against landlords who throw unemployed workers out. Fight evictions. Build strong block committees. Vote Communist on November 8.

The foregoing is the editorial comment of the Daily Worker.

In Chicago, by order of county Judge Jarecki, 56,000 homes will be sold by the city for taxes. Those who have the money to pay the tax can hold on to their property by making payment to the county treasurer. Under this ruling, the unemployed workers will be chiefly the ones to lose their homes.

We heard Mr. Roosevelt, who described himself at the time as a private citizen—this was a few weeks ago—state that there are none

going hungry in New York State or New York City. I have here a clipping from the New York Times of November 27, 1932, which reads:

Having gone without food for three days and clad only in a summer suit Patrick Hallacy, 28 years old, without a home, collapsed last night at Thirtieth Street and Tenth Avenue. He was found by patrolman Kolb who carried him into a restaurant.

When he regained consciousness Hallacy said he was ill and hungry. He came here from Philadelphia some time ago, he said, in an unsuccessful search for work.

Doctor Chancellor of St. Vincent's Hospital said the case was one of starvation and took Hallacy to that institution.

Here is another one:

Silk worker dies of slow hunger. Militant in fight on wage cuts.

Harlow Cole, 29, a silk worker, died here of starvation December 9, at 6.45 p. m., in the Barnert Memorial Hospital after a bitter struggle against wage cuts which meant virtual starvation for himself and his family.

Cole was a militant worker, and had been on strike with the workers of the Levine silk shop. During the general silk strike Cole was active on the picket line, being arrested several times.

The CHAIRMAN. What is the date of that occurrence?

Mr. BENJAMIN. The date of that is December 9. Presumably then, the date of the occurrence, which is published in a New York paper without a date line, would be approximately the same day as the date of death.

In the city of New York again we have the report of a negro woman, Estelle Smith, 27 years old, who died of hunger.

She is the second victim within a few days of New York's hideous "relief" system, in Harlem. The other was 9-year-old Ralph Gonzales who died from eating poisonous "relief" lunches at Public School 57.

A mass funeral for Estelle Smith will be held Monday, November 21, at 1 p. m., at the Harlem Workers Center, 650 Lenox Avenue, near One hundred and forty-third Street.

Mrs. Smith, who also has two young children, was unemployed, and for months while pregnant with the third child, tried to get relief from the Charity Organization Society. Totally inadequate payments of \$3 or \$4 a week were sometimes made, but no more.

Weak from hunger she was taken to Fordham Hospital, where her baby was born on October 8. After the birth, a bucketful of cold water was thrown over her, and she was left lying in a room with doors and windows open. She was then sent home but sank rapidly, and in a couple of days was taken to Harlem Hospital, where her husband was not allowed to see her as she lay dying, too weak to even call a nurse. Harlem Hospital first said she died of pneumonia, then changed and said it was tuberculosis.

The husband of Estelle Smith, Norman Smith, was sentenced with other workers to eight days in jail for taking part in a militant demonstration to try and force relief for the family.

Estelle Smith was a militant worker and took an active part in the League of Struggle for Negro Rights. When she was dying, word was sent in to her of the big communist vote in New York. She smiled and whispered, "That's good."

These two deaths from the cynical contemptuous capitalist starvation of the unemployed workers should rouse the toilers of Harlem and the whole city to the greatest protest, to increased and still more determined struggle to put an end to such a depraved system. The fight for relief and insurance now is a fight to stop this murder, which will otherwise become the usual thing this winter.

In the case of Ralph Gonzales, the capitalist authorities and their press are now trying to deny that he died of poison food and claim it was "spinal meningitis," though some of them say "bronchial pneumonia."

In this connection Dr. Michael Mislig, of 37-43 West Ninety-third Street, writes:

The boy could never have died (and did not) within a couple of hours after lunch from either one of these diseases or from a combination of both of them.

The death certificate which I just read, names as causes of the boy's death three conditions (a) cerebral compression, (b) cerebral edema, and (c) general visceral congestion. The first two (a) and (b) I am almost sure I can discard as impossible and entirely faulty. This not being a medical treatise, I can not enter into a detailed explanation as to why my opinion is such. The third condition given (c) that of visceral congestion, is in my opinion a very plausible and correct one, and would greatly point to a grave suspicion that the 9-year-old Ralph Gonzales must have died from some acute poisoning, by rotten food or anything else I am at present not able to state. These will undoubtedly be determined by the chemical and microscopical examinations which are, according to the death certificate transcript, at present pending."

Here is another:

There are two children in my family, one 2½ years, the other 6 months old, my husband, and myself. We are Spanish workers, unemployed, and we have found out what liberty and patriotism means in these free United States.

Six months ago, when my baby was born, we were living in a 4-room apartment. A friend loaned us \$80. This went, and still we have not found work. So we were evicted. Our furniture was on the street and stolen. My eldest boy was so starved he was biting my arms.

The unemployment council came to help me and forced the home relief bureau to give me a relief check. We went into a furnished room. Our landlord did not like to take home relief checks, so we were again evicted. Now the home relief says that they can do nothing for us. They terrorized my husband, telling him that if he worked with the unemployed council he would be deported.

Now, comrades, we are living in a cellar in an empty coal bin. There is no electricity, gas, sunlight, or heat. A comrade who is living in 1 furnished room with 2 adults and 4 children gives us a little food. I know that conditions for the poor all over Harlem are about the same. We have no clothes, I have the grippe, and my baby is sick; but I have learned my lesson and appeal to all you Spanish workers to join the unemployed councils. We must unite and fight against our enemies who fool us. We must all support the national hunger march for relief and unemployment insurance.

Mrs. Florence Hardesty's husband was out of work in Hammond, Ind., for many months. Grief over the fate of her two tiny children finally drove her to suicide. Her lifeless body was dragged from the waters of the Indiana Harbor Ship Canal.

In Monterey, Calif., the father of nine, jobless, committed suicide. Ray Laffey, 40, father of nine children, spent his last 50 cents for poison and ended his life because of continued unemployment. He was found by a 3-year-old son, who summoned Laffey's wife. He was dead before a physician could be called.

Police say there is no food in the Laffey house and that the family is facing starvation.

Three jobless workers commit suicide. Desperate because of prolonged unemployment, James Dobson, a young worker of 225 West Twelfth Street, committed suicide by taking poison. He was taken to the hospital, but it was too late to save his life. Edna Graham, an unemployed model, living in the same house as Dobson, also tried to kill herself, but was revived by doctors.

Another victim of miserable conditions is Frank Lee, a 24-year-old Chinese waiter who shot himself in the right temple. So, steadily are thousands of workers doing away with themselves because of the lack of means of existence.

Thirteen suicides in 24 hours are reported in the press of this city, according to the records of Coroner Frank A. Nance.

Typical of the thousands who are killing themselves in the face of the misery and starvation brought on by the capitalist crisis the suicides included not only jobless workers but also members of the middle class.

From Denver, Colo., Ernest Urback, unemployed worker and active worker in his union for many years, committed suicide to save his wife and son from starvation. His life insurance, for which he could not pay, would have expired in a week.

Manifestly, these are just a few items of this type selected at random.

I want now to spend a few minutes on relief conditions as they are reported to us from various cities. These reports we usually publish in either our own organizations, the Hunger Fighter, published in various cities, or in the Daily Worker, which accepts them for publication.

This is a report prepared by Grace Hutchins, of the Labor Research Association. It covers New York City, Detroit, and Philadelphia, and is as follows:

Sheer starvation faces the 16,000,000 unemployed workers unless they organize and by militant struggle force granting of enough food to maintain life through the winter. For city after city is cutting off or cutting down tremendously even the soup-line rations they have been giving.

This is the fourth winter of unemployment. The number of jobless is greater than ever before. Their little savings are exhausted. Their bodies are weakened by long months of partial starvation. Hundreds of thousands and millions have lost their homes and what items of personal property they had. Their relatives who still have jobs are working two or three days a week on stagger system, and have had wage cuts amounting to over 50 per cent.

Figures showing terrific, amazingly cynical slashes in the petty starvation dole of relief given up to now, have been compiled by Grace Hutchins of the Labor Research Association. They show New York, with its admitted 1,160,000 jobless, estimates relief needs at \$75,000,000 for the next 12 months—\$5.30 a month for each unemployed worker's family, or 6 cents per person a day.

The report states:

Relief is on a disaster basis in New York City, admits William Hodson, executive director of the New York Welfare Council.

"It is impossible to estimate the number of deaths in the last year in which starvation was a contributing cause" declares Fortune, the rich man's magazine, in analyzing the deaths directly from starvation in New York City hospitals. But certainly they run into the thousands. One New York capitalist paper admitted more than 2,000 deaths from starvation.

Fifteen cents per person per day was the Detroit rate of relief in April, 1932, said to be the "lowest" rate for years. But by September it is cut to about 7 cents per person per day. A family of nine now gets \$4.50 a week, or 50 cents each, to last for 7 days. The welfare agencies no longer even pretend to pay rent, and from 50 to 150 families are evicted each day, according to city records. Evicted workers and their families live in floorless tents, in a park that becomes a mudhole when it rains.

Philadelphia cut down relief expenditures from \$1,500,000 in the one month of March, 1932, to a bare \$120,000 in July—practically nothing at all for the 300,000 starving jobless and their families. Even before the cutting off of relief, the average family was receiving (in May) only \$4.23 a week for all needs. This amount allowed \$3.93 a week for food, while the United States Children's Bureau estimates that the very minimum necessary for food in a family of three is \$5.15 a week. Families on relief were said to average 4.8 persons in each, so the amount to feed a person for a day was only about 11½ cents.

Even this was cut off in July and 55,000 families were left almost wholly without relief. Slow starvation and progressive disintegration of family life, admits

the community council. With at least 1,250,000 jobless in Pennsylvania, it is officially estimated that 3,000,000 persons are wholly without income in the State. This is, of course, an understatement.

Milwaukee, Wis., with a socialist administration, cut relief expenditures between March and July, 1932, by 30 per cent.

In Pittsburgh, where last year the drive was for \$6,000,000 for relief, this year it is for only \$3,000,000, though no one even pretends that the need has been reduced by even a fraction of 1 per cent.

Rochester proposes to give 13 cents per day per person relief, if they make the proposed collections. The rate for Schenectady is 9 cents, for Syracuse, 9 cents, for Utica, 10 cents.

Cities and city areas that have recently cut relief by 20 per cent or more include the following: Philadelphia, 88 per cent; Los Angeles, 46.8 per cent; Mobile, Ala., 43 per cent; St. Louis, Mo., 35 per cent; Flint, Mich., 30.9 per cent; Houston, Tex., 25.3 per cent; Sacramento, Calif., 24.6 per cent; Pontiac, Mich., 24.4 per cent; Knoxville, Tenn., 24.2 per cent; Shreveport, La., 22 per cent; Winston-Salem, N. C., 21.7 per cent.

Besides cutting the rate of aid given to each family, many communities have abandoned whole sections of the working class. In Dallas, Tex., for example, neither Mexicans nor negroes are now given any help whatsoever. In Jacksonville, Fla., unemployed negroes themselves must furnish 50 per cent of whatever relief they get. Where is a jobless negro worker to get 50 cents in order to get another 50 cents from a relief agency? New Orleans, La., gives no relief at all to negro workers and their families.

These figures spell death to the jobless, unless they do something. As far as the Federal Government is concerned, Hoover and his national conferences of business and social service agents have definitely stated that the local agencies, just these same city and private bodies that are slashing relief in this disastrous manner, are the sole source of food for the jobless this year.

Even in the cities there is money to feed the jobless. The relief slashes are at the orders of the bankers, who hold the city debts, and who refuse to give up one cent of their profits to save one jobless worker's life. The relief slashes are at the orders of the owners of industry, who propose under direction of a committee appointed by Hoover and led by Teagle, president of the Standard Oil Co., to substitute the stagger system wage-cutting scheme for relief.

The Communist Party calls for mass struggle for relief and for unemployment insurance at the expense of the employers and their Government. It calls on the jobless to organize united-front committees in every bread line, every flop house, and relief agencies and employment offices, among the jobless of each factory, in each block and street, to demonstrate and demand emergency winter relief.

The enlarged session of the national committee of the Unemployment Councils is meeting October 10-11 in Chicago, to plan nation-wide struggles, probably a new national hunger march, to lay demands before Congress.

Vote Communist for workers' unemployment insurance.

It is do or die now for the jobless, for the capitalists have decreed death by starvation this winter. The figures prove it.

From Cleveland, a report comes that the Cleveland jobless get 3 cents a meal. Unemployed in this city are given less than 3 cents a meal in relief furnished by the associated charities, it has been admitted by the latter organization, "for the benefit of those who may have the idea that Cleveland's reputation for generosity has led to overindulgence."

With this small amount the unemployed and their families are fed on menus like the following:

Breakfast: Oatmeal, one-half can of milk, coffee for adults, canned milk for children; lunch: Macaroni and cheese, bread and oleomargarine, one-half can milk. Supper: Creamed potatoes, raw or baked onions, bread, and oleo.

It will be seen in this that there is no meat, no fruit, and very little vegetables. How little milk is given can be seen from the fact that a family of 5 received 14 small cans of milk a week.

When the diet expert of the A. C. was asked if a person would be satisfied after eating one of the A. C. meals, she replied, "A person

would not be hungry after eating one of these meals, but we can not say he would be full."

Meanwhile, in spite of the fact that people are admittedly starving in the city, the community fund, which is about to stage its annual raid on the pockets of the workers, is going to give \$580,000 of the \$4,250,000 it will raise to the Y. M. C. A. and similar bosses' organizations.

The associated charities apologizes to those who might think they are too generous to the unemployed and informs us that they give only 3 cents a meal.

The organization known as the Society for the Improvement of the Condition of the Poor, has issued a new starvation diet, figured so that at the lowest possible cost, enough unemployed workers can be kept half alive until they may be wanted in industry again.

Lucy Gillett, director of the society's nutrition bureau, worked it out, and does not even claim that it is enough.

She says it "can not cover by the wildest stretch of imagination" the diet "nutrition experts would like to suggest."

Here is what they want you to live on, you workers who are jobless because you produced more than the boss can sell.

At least a pint of milk a day for children, and for adults if possible.

Three pounds of potatoes and one-half can of tomatoes a person a week.

Three to four pounds of cheapest varieties of vegetables and fruits, such as cabbage, carrots, yellow turnips, onions, bananas, and prunes, a person a week.

Day-old bread, because of decreased cost.

One-half to three-fourths pound of fat and sugar a person a day.

Small amounts of eggs, cheese, meat, and fish when funds permit.

Cod-liver oil for every child under three years of age.

But the Society for the Improvement of Conditions of the Poor isn't fanatical about any of these things. It knows that the big bosses may not want to pay even for this much, and it suggests the unemployed eat the vegetables raw so as to save the cost of gas. It suggests they buy evaporated milk and milk powder instead of fresh milk, and this saving "will buy the fruits and vegetables needed." It worries a little over the cost of the "small amounts of eggs, cheese, meat, and fish," but thinks they should be provided wherever possible, "for psychological reasons."

This is what they want you to live, jobless workers. And in fact, this is better than they intend to let you live. Only a small percentage of the jobless will get relief enough for this diet, even if they do not fight hard for it.

Millions will live this winter as they did last winter, on bread-line soup and "coffee and."

Such figures as those given out by the society are intended as an upper limit, to keep any small places from going further and to quiet the jobless with the idea that they can live on almost nothing.

But winter is coming, and notice that the society makes no provision for clothing, for fuel, for housing in zero winter.

This is why the national hunger march will demand \$50 cash relief for each jobless worker for special winter needs, and in addition to local relief. The \$50 is for the increased diet needed to withstand piercing cold, it is for some warmer underwear, and maybe a sweater and a pair of shoes.

Local struggles must compel the local authorities to at least provide food, must stop evictions and turning off of gas, light, and water, must force the authorities to give coal for heat, or provide other heat. These struggles should be organized under the leadership of united front committees in every neighborhood, in every bread line.

And local struggles lead to mass support of the national hunger march, which on December 5 will demand from Congress not only the \$50 winter relief but unemployment insurance at the expense of the capitalists and the Government.

Here is another note—

The United Front Cook County Conference against starvation calls on all union locals and other workers' organizations to elect delegates to go in a body to Springfield November 15 and present demands to the State legislature. Delegates should also be elected from groups in the shops and from meetings and groups of the jobless.

The delegates will meet November 15 at 10 a. m. in Carpenters Hall, 505 Monroe Street, Springfield, and then go to the legislature which will then be in special session.

Demands will be adopted by the delegation, but will be for more relief, no evictions, etc.

The National Committee of the Unemployed Councils yesterday issued a statement denouncing the imprisonment for three months of Wal Hannington, leader of the British national hunger march.

"The working class in America must be prepared to withstand a similar attack against the national hunger march to Washington," says the committee, and continues:

"Only solid organization, determination, and militancy will force the Federal Government to grant the demands of the starving. The best way to show solidarity to the British comrades and back our own hunger march demands is by intense local struggles and more local victories."

From Oklahoma City, Okla., we receive this report:

The Irby Camp, run first by the Salvation Army and now by the city, seems to be the latest cure for unemployment. First, 175 workers here were poisoned by rotten sandwiches, provided by the Salvation Army. Then high water swept through the camp, which is on the banks of the river west of the city, and drowned three men. As soon as the water went down, the jobless were driven back into the pest hole.

Families have to work a day at hard labor for the privilege of erecting a tent, and are kept in prison with armed guards preventing any meeting except church, and forcing everybody to go to bed at 9 p. m.

The inmates charge that a couple of dope heads in command of the camp peddle bootleg liquor and run a gambling joint. They charge that the one called "Scotty" patrols the camp with a pistol and forces his attentions on women members of the families of men away on forced labor, threatening them with eviction if they say anything.

Irby Camp inmates are called on by the unemployed council to elect committees to take charge of the camp, to run out Scotty and similar vultures, and to force distribution of real food instead of sandwiches made from garbage.

Here is Sacramento, Calif., for example, where the conditions in the Golden State are getting so bad that the boss papers even are forced to admit some of the misery that exists there:

The railroads are laying men off right along. Both the S. P. & W. P. R. R. have closed their shops until January 4, 1932, and the Salvation Army and city are taking the single unemployed men and putting them to work cleaning up the railroad tracks and the company yards for a bowl of soup.

These men must work for four hours a day for a soup ticket and then have to stand in line for the rest of the day waiting for the soup.

The Unemployed Council in Erie, Pa., and the Workers Ex-Service Men's League are uniting in the fight against forced labor:

Parks Director Allen, getting a salary of \$4,500 is firing men from the city pay roll, and filling their places with unemployed workers sent from the poor board. These have to put in 16 hours a day. The same thing is being done by the school department, street department, and on State highways also. This scheme was really started by the General Electric Co. It started putting its unemployed workers who live in company houses to work repairing houses for \$3 a week.

Over 100 unemployed workers testified at the open hearing on hunger called by the unemployed council. The facts published above were brought out by these witnesses, and after the hearing the whole crowd present adopted the following demands to fight for:

Fifty cents per hour for unskilled workers now forced to work for relief alone, and skilled workers to be paid the full wages of their trade.

It was decided to hold more open hearings, and to send delegates to the State unemployment conference, preparing the national hunger march.

This is the kind of thing Mr. Swope will suggest to us, his famous Swope plan of unemployment insurance, so called.

A few more words on the conditions of children. Perhaps I need not go into any more details with regard to general conditions of children but a few items, however, might be of interest.

Here is one reported in the New York Evening Journal:

A boy of 11 who supports his family of seven on \$2 a week, and sleeps every night in a subway station, a B. M. T. subway station. He gets up at 6 o'clock a. m. and works until midnight and makes approximately \$2 a week which he turns over to his family.

Dressed in rags, his small, weary figure hunched in the corner, of a magazine stand, a little boy bootblack sleeps each night in Times Square station of the B. M. T. subway. A pile of yesterday's newspapers make his pillow, and the rumble of the express trains is his lullaby.

Yet Mario Polce, 11-year old unfortunate, smiles in his sleep. Clenched tightly in one grubby fist are four nickels and a dime—his day's and night's earnings, that will go to mom to support the five other children, his little sisters and brothers.

It's all the family has—what Mario earns by shining shoes in the afternoon, and late at night, and early in the morning, when cold and stiff and still tired, he stretches out of his cramped position and carries his bootblack's box to the street.

His is a long working day. It starts at about 6 a. m., when one of the boys in the magazine stand brings him a sandwich and wakes him gently to eat it. Sleepy-eyed, Mario trudges out into the waking city to catch the early customer. He works for two hours, until it is time to go to school.

Only sometimes, Mario confessed to the Evening Journal reporter who woke him at Times Square shortly after midnight, he doesn't go to school. He just works through the day.

"Aw gee," he protested. "My mom needs the money—and sometimes I make 50 cents a day. See, there's five kids at home, and my brother Victor shines shoes, too—but he's only 7 years old and can't make very much."

"My father hasn't worked in a long time—he can't get any work. Gee, I got to do this to help my mom—it's no sense going to school," he declared staunchly, denying while he rubbed his eyes, that he was sleepy.

"I don't need much rest, I guess," he said with a grin.

His father is an unemployed plasterer. They live at 174 Madison Street. Mario—when he's home, and Hugo, who is 12, Victor, 7, Nellie, 5, Mary 2, and Augustino, the baby.

On the days he goes to school, Mario usually sleeps for two hours after classes are out "cause I've been up working all the night before," and starts in again at five. He works through until 10, or 11, and he winds up at the B. M. T. station, tired and ready to drop off to sleep.

A report of Theresa Garrio, who died of undernourishment in the city of New York on October 13, 1932, is that the small body of Theresa Garrio lay in an undertaker's establishment yesterday as silent testimony to the effectiveness of the unemployment relief program of the Tammany city administration. Theresa, who was seven months old, died from pneumonia induced by starvation. Her father, Frank Garrio, 578 Courtlandt Avenue, the Bronx, has been trying to support his wife and eight children on the \$10 he gets from the official relief agency every two weeks.

From Albany we receive the report that while Freeman Violette, 9-year old son of a war veteran was being buried after having died of starvation, another son of the war veteran, John, aged 4, fell dangerously sick because of insufficient food and was rushed to St. Peter's Hospital:

Walter, another son, 4 months old, is also sick and unless he is given expert medical attention and proper food immediately it is expected that he, too, will die of starvation.

The same relief bureau and city officials who permitted Freeman to die for lack of food hypocritically assisted in the arrangements for his burial. The city also provided a little food for the family in an attempt to avoid criticism of its murderous starvation policy toward the workers.

Freeman collapsed of starvation while attending class in school. Widespread resentment is spreading among the workers throughout the city, the seat of power

of the democratic presidential candidate for president, and masses of workers are supporting the demands of the unemployed council that the city government supply adequate relief for all unemployed and part-time workers in the city.

Here is one from Denver, Colo., that might interest Senator Costigan.

Fourteen children die of hunger in one month in Denver. Of 27 persons given free burial last month, 14 were children who had died of hunger, it was officially reported by the particular council of the Society of St. Vincent de Paul at a recent meeting. This news was printed in Catholic Register of September 22, because of a big drive for funds which is being planned. The two capitalist daily papers here, the Denver Post and the Rocky Mountain News, never print a word of these terrible conditions, but on the contrary are full of Hoover's prosperity lies.

From Oxford, Miss.:

On September 15 "old man depression" was solemnly hung on the Square of Oxford and amid much elaborate decoration of American flags, patriotic music, and prosperity speeches, and the performance was staged by the chamber of commerce.

Cotton fell that day, and has gone down every day since. The farmers and poor people resent the fact that the money to pay for that disgusting piece of capitalist prosperity propaganda was paid out of the city funds.

On the same day, a poor negro was begging on the streets of Oxford in order to get 25 cents with which to buy medicine for a ghastly sore on his leg, but neither the mayor nor the Red Cross would give him that 25 cents.

Of course, facts have been brought before this committee with regard to the homeless youths that roam over the country. I will not deal with details with regard to it, but will take this occasion to express the point of view of the unemployed councils with regard to the various schemes that are being proposed in this connection, particularly the scheme proposed by General Glassford. We very strongly oppose and condemn this plan of setting up concentration camps, actually convict camps, for the homeless youths that roam this country. This will mean these youths will be deprived of their freedom first of all, and means furthermore, that they will be put into military encampments in preparation for another war. We certainly are strongly opposed to trying to force these youths into such concentration camps and demand that sufficient relief shall be provided for the families of these homeless youths so that they shall not feel impelled to leave home in order to take care of themselves.

I must report in this connection one incident which is typical of both these homeless youths, and typical of parents. Last year, before this committee, it was reported that relief officials noted the effects of hunger upon parents more readily than upon children, and upon inquiry it was learned this was due to the fact that parents, finding that the relief given to them was insufficient, are starving themselves and turning over their share to their children. Such an item came to my attention a few days ago in a report in the New York World-Telegram from Uniontown, Pa. This report tells of a worker who deliberately starved himself to death because the amount of relief he was receiving was insufficient for his entire family and therefore he refrained from eating any part of it and committed suicide by starving himself to death. It is such conditions that are driving these youths away from the family and their homes. The way to solve this problem is not by setting up convict camps but to provide adequate relief for the parents of these youths.

We, for our part, of course, will conduct a struggle toward this end.

Let me say a few words now with regard to terror which prevails throughout the country against this unemployed who protest against the conditions described here by myself and others. Of course, the facts with regard to them are quite generally known.

It is known, on August 3, 1931, that Chicago workers were murdered while resisting an eviction.

It is known that on March 4, 1932, four workers were murdered when they came in a demonstration before the gates of the Ford plant at Dearborn to demand work or relief from Henry Ford, and the fifth has died since from the wounds he suffered at that time.

Another worker was murdered in Chicago in connection with a demonstration there that took place that Miss Abbott described. It was a while ago, when the relief was cut and the workers began a demonstration against this. The day following the announcement of this cut a worker was murdered while going to a relief office together with a delegation of other workers to protest against this.

In a less dramatic form, but no less brutal way, workers are being attacked elsewhere throughout the country, and I have had an opportunity in the course of the national hunger march and the stay of the 3,000 delegates who marched into this city to see the kind of treatment that the Government of the United States accords to its workers who insist upon exercising their rights to protest against mass misery and starvation in the midst of plenty. Certainly the conditions that were imposed upon the hunger marchers here are indicative of the kind of conditions that the Government feels it desires to impose upon all workers in an effort to suppress their protests, to prevent them from organizing and struggling against these conditions, and we have currently in all cities of the United States attacks being made upon workers when they come in delegations to relief offices to demand relief for families.

The gentleman who testified here last year from the city of Cincinnati (Mr. Dykstra), which has been described here as being such a model city in many respects, reported to us what cheap, tricky, schemes he personally sees to it are used against the unemployed in Cincinnati where they are told they are to get so much relief per week. Then they are given this relief one week and then for the second week they are told on their arrival in the relief office that they must come back the next day, and the next day, and the day after that, and day after day, until the week has passed without any relief being given to them, and then, and only then, do they get relief. In other words, relief which is insufficient for one week is made to last for two weeks. This is deliberately practiced in Cincinnati, as has been reported, and some other practices of one kind or another are indulged in by relief workers who seem to be very proficient at it, and are being practiced against the unemployed everywhere. It seems as though it must be part of the training of a relief worker.

I want now to deal with the main points that I intend to cover here to-day. Those are the various relief measures and the various schemes that are employed in an effort to defeat the struggles of the unemployed for adequate relief.

We have first of all the prosperity ballyhoo for which the Hoover administration has become famous, but which no doubt is not to be made the responsibility only of Mr. Hoover, but is the responsibility of all Members of Congress, the responsibility of the Government as

a whole. So, we had during July such reports as this published by the New York Times, "July was the first month in 1932 that showed a reasonably noticeable expansion in industrial activity."

This was published August 22 in the New York Times, and yet, on August 20, we had a report from the United States Bureau of Labor Statistics, showing that during the month of July there had been a decline of employment in 16 major industries amounting to 3 per cent, and that pay rolls had declined during that month, as against the preceding month, by 6.1 per cent; that 75 out of 89 major manufacturing industries showed a decline in employment of 4 per cent and in pay rolls of 7.9 per cent. Then, we had facts and figures relating to various industries, all of them along this line, and yet we were told that prosperity was returning and are still being told at this time that there was a marked decline in unemployment.

I have, for example, here two clippings from the New York Times, both of them appearing in the same issue, December 24, 1932. One appears on page 20 and the other on page 21. The one on page 20 says:

Changes in factory employment and pay rolls, reported for the middle of the month, were largely seasonal in character. Prices in wholesale commodity markets were somewhat lower on the average in November than in October, and declined further during the first three weeks of December.

A decline in the volume of industrial production is shown by the board's seasonally adjusted index from 66 per cent of the 1923-1925 average in October to 65 per cent in November, compared with a low level of 58 per cent in July.

The board's statement also said that the output of woolen mills, silk mills, and shoe factories declined in November from the relatively high levels of the autumn, while cotton mills continued active.

Lumber production declined by considerably more than the usual seasonal amount.

Steel production decreased during November and the first three weeks of December, while automobile output increased considerably in connection with the introduction of new models.

The article on page 21 says "Industrial plants increase workers" and goes on to explain about the Colgate-Palmolive-Peet Co., the Shell Petroleum Corporation, the White Motor Co., the Carnegie Steel Co.'s Farrell plant, and the Inland Steel Co., about opening two mills.

You are expected to see the one which will concern the particular purpose and policy of those responsible for hunger in the United States, and that this is not an accident is sustained from an editorial which I clipped from the Bloomington, Ill. paper, but which contains an article published in the Illinois Journal of Commerce over the signature of Verne E. Joy, editor of the Centralia Sentinel, which states that:

The newspapers of this State—and presumably of other States—have "played the game."

To quote the expression of the headline over Mr. Joy's story. He declared at the outset that the almost universal criterion by which reading matter is judged in these times, is whether it is best for the community. With such an ideal, the newspapers have pursued a policy which without doubt has served to cushion the depression in many a community which would have suffered far worse disaster than has been suffered, and have done a part which no other public agency could have performed for consolidating public sentiment in favor of help for the unfortunate section of the population, for maintaining

confidence in banks and other public institutions in the face of unusual pressure, in supporting the schools against undue curtailment by those who have made the educational system the chief point of their efforts for lowering taxes—and a hundred other ways by which the conclusion is reached and justified that "newspapers are a necessity, socially, and economically, more important in times of stress than when business flows freely."

"Keeping up sane confidence without emulating the ostrich," is the duty of newspapers in times of stress, says Mr. Joy, and the majority of Illinois publications have steadfastly held their faces toward that goal. They have avoided feeding the public on sensational headlines which might easily have been justified in other times, because they realized that their individual interest in increased circulation was submerged in their broader duty to their community.

If the old motto of "all the news" had been followed out with grim thoughtlessness, Mr. Joy says that many a newspaper might have put forth a daily blast of shivers for the morbid pessimist and gloom spreader.

Instead, the newspapers generally have sought out the hopeful, the cheerful, the unusual, and have given these the play which have had the psychological effect to bolstering public sanity, good cheer and courage. This is not a censorship, a suppression of news which ought to have been printed, but on the contrary a keen study of the effect upon the public which the cumulative impression of an opposite course might have produced. It is an attitude worthy of commendation.

Newspapers have loaned their columns without stint in every effort for relieving unemployment, in raising relief funds for their several communities, in bolstering confidence in financial institutions, in helping to keep down costs of government, local, State or national; in meeting every sort of community problem whose serious aspects staggered the public officials or the leaders in civic organizations. Newspaper encouragement for those who were at the battle front of the fight against economic ills was perhaps the chief factor which has kept up the public morale in a time when many influences would bear it down.

Not without sacrifice of definite and large proportions the newspapers in many instances have carried on this policy.

Mr. Joy quotes the editor of one southern Illinois newspaper in speaking of what he and his neighboring publishers are doing and will continue to do:

We are fighting like damn fools, and it is costing like hell.

Here we find revealed, of course it was not intended for our eyes, but we find revealed what has been the policy of newspapers generally throughout the country in relation to the problems arising out of the crisis, and we are told in the heading of this editorial that this paper serves as a buttress against depression.

Since last year there have been quite a number of campaigns conducted for the purpose of deceiving the unemployed and defeating their struggle for relief.

I am going to keep for the last my reference to the hearings that took place before this committee under this heading and rather deal first of all with the campaign conducted under the auspices of the American Legion and the American Federation of Labor to find 1,000,000 jobs. They told us they were going to bring back prosperity. They told the unemployed it was not necessary for them to organize and fight, and that the American Legion and the American Federation of Labor would bring back prosperity by finding 1,000,000 jobs.

We might, of course, have asked how it comes that workers who having experience can not find jobs, and these gentlemen whose only experience is to try to hold on to the well-paying jobs that they have, would find them. However, the mystery was finally disclosed, and we found that the purpose was not to find jobs for the unemployed, which they could not have accomplished, but the purpose was to develop a spirit of hope, so we are told by the New York Times that a representative of the American Legion saw Mr. Hoover and informed him that a spirit of courage and confidence is arising throughout the country as a result of the job-finding campaign of the American Legion, which was of course eventually a complete fiasco, because what they did in the job-finding campaign was simply to get some women to have an unemployed worker wash their windows for them instead of doing it themselves, stating every time they did this that they had found a job.

In Boston the committee on unemployment issued a letter to the people of Boston in which they said:

By taking advantage of the lowest building and repairing costs in years, you will make big savings.

And they had big signs in the city of Boston during the time they conducted this campaign calling on the people to save 40 per cent by giving an unemployed worker a job. That is, they would give him a job to do at 40 per cent less than they would ordinarily have to give, and this was supposed to be sweet charity.

Then, we had the block aid campaign, sponsored by no less a personage than J. Pierpont Morgan himself, who condescended to speak on the radio about this plan. We were told this plan would wipe out want in New York and it was broadcast on many posters and billboards all over the city, and many hundreds of thousands of dollars must have been spent by the company which conducted the publicity campaign for the block aid scheme.

We found this scheme would only serve to raise a total of \$2,000,000 if successful for the entire period of 20 weeks during which the campaign would be conducted, and this at a time when New York was spending \$7,000,000 a month for relief and still had tens of thousands of unemployed workers not getting work, and yet we were told by Morgan that the block aid plan would serve to stamp out want, and he was supported in this by Norman Thomas, who also spoke over the radio in favor of this block aid plan.

Finally, we have, more recently the job-finding plan, which, according to Mr. Hoover, was going to also solve the problem of unemployment.

The president of the Standard Oil Co. of New Jersey who is in charge of this plan has been making a very good job of carrying it through. The few workers who still have jobs and were able to maintain some fair standard of decency have been forced down as low as the situation which prevails for the unemployed, dependent upon charity doles, so that misery and starvation has been spread amongst larger sections of the working class in what has been called a job-finding campaign. This campaign is, of course, nothing more than the old stagger plan of Mr. Hoover, under a new title. It is interesting, however, that this plan is supported by the American Federation of Labor, and has been up to now. That means that the American Federation of Labor in further support of this plan is

supporting without any qualifications a bill pending before the Senate committee for a 30-hour week, which bill does not actually represent any improvement and is not intended to provide for an improvement in the conditions of the masses of workers, but is intended to legalize the job-sharing stagger plan which has been systematically imposed upon the workers of this country.

We are opposed to this 30-hour week bill as it is now presented. We favor a shorter work week. We consider a shorter work week absolutely necessary to the interests of the workers of the United States and we propose to support the struggle for such a measure, but we do not intend to support a measure that does not provide and safeguard the wage standards of the workers and their living standards in the process of the reduction of their services. Therefore, we demand that any bill providing for shortening of the work day shall carry with it the proviso that this shall not serve to reduce the wages of the workers, and that also it shall carry a proviso that a minimum wage of not less than \$15 shall be guaranteed to all workers in the United States.

Otherwise these 30-hour week measures are nothing more than an attempt to reduce further the already miserable standard of living of the whole American working class.

Now, let me say a few words with regard to a number of unemployment insurance measures that have been proposed, some of which have been carried through, especially in the State of Senator La Follette, Wisconsin, the Groves law. All of these bills and proposals, the Groves law, the Ohio plan, the famous six governors plan, sponsored by Mr. Roosevelt when he was governor a year ago, the Swope plan, and the unemployment reserve plan sponsored by the American Association for Labor Legislation, all of these are entirely unsatisfactory and do not by any stretch of the imagination meet the requirements of the unemployed and are misnamed "unemployment insurance."

These plans, first of all, are not intended to apply to those unemployed who are now jobless, as for example, the Groves law. The Groves law operates only for those workers who become unemployed after the law has come into effect and after the employers have been able to establish a reserve, then those workers whose jobs after that period of time, will be covered by this bill or by this plan. The amount, the extent to which they will be covered indicates the standard of living which it is proposed to establish for the workers of this country. In no case do these measures propose more than \$10 a week as a maximum for a maximum period of 10 weeks in the year, which would provide the unemployed, if they were fortunate enough to come under the provisions of this measure, provide them with a living standard they set upon a maximum of \$100 a year or less than \$2 a week to live upon.

Certainly, to call this unemployment insurance is to greatly stretch one's imagination. It might attempt to insure the employers for a time against the danger of struggle on the part of the workers for real adequate unemployment insurance and relief.

All these measures also exclude large sections of the working class. They exclude the agricultural workers. They exclude workers who can not show they have worked in one place consecutively for 40 weeks.

Then, as we have heard from the gentleman who spoke here a while ago from Cincinnati, the measures are intended to make the workers and the employers equally share the burden of this totally inadequate insurance and eliminates and exempts the State and the Federal Governments altogether.

Adequate unemployment insurance would be such unemployment insurance as will provide all workers who are unemployed through no fault of their own, regardless of what their occupation may have been, with Government subsidies at a rate that equals their average wages and in no case less than \$10 a week for the entire period that they are unemployed.

Unemployment insurance, which would be noncontributory as far as the workers are concerned, would put the burden for unemployment insurance where it belongs, upon the employers and upon the Government, not only where it belongs but the only place where the funds for this can be secured.

Let me say, in this connection, that there is ample source for these funds, and the Congress which has been pleading that it is not in a position to provide relief for the unemployed certainly has very little of support to offer in argument for this claim. We say that while Congress in its sessions beginning in December of 1931 failed to appropriate any relief for the unemployed, other than this \$300,000,000 to the Reconstruction Finance Corporation, a description of the administration of which has been given here adequately, I understand, nevertheless they have paid out by the 1st of December \$807,779,746 to bankers; \$328,519,202 to the railroads. A single banker, a gentleman by the name of Charles Dawes, who happened by accident, I suppose, to be the head of the Reconstruction Finance Corporation about that time, was able to draw out of the funds of this corporation \$80,000,000 for his own bank, but there was no more than \$93,000,000 given to 34 States by the Reconstruction Finance Corporation for relief, or about one-twenty-fifth of the total that was paid out by the Reconstruction Finance Corporation to bankers, railroad companies and other trusts.

Twenty-four cents out of every thousand dollars that has been authorized by Congress for job projects has been paid out and used for that purpose, only 24 cents for every thousand dollars, and so we see that all of the actions that have been taken by Congress under the pretense of relief for the unemployed have been nothing more than empty gestures. Not only have the appropriations been entirely and needlessly inadequate, but even such appropriations as have been made, have not been used for that purpose, and where they have been devoted to that purpose it is only because of the fact that the unemployed councils, the unemployed workers, through their State organizations, were able to conduct militant struggles to force the government locally and on a State basis, to make appropriations.

It is no accident that Illinois, and particularly Cook County, has secured the largest proportionate share of the funds that have thus far been given by the Reconstruction Finance Corporation or loaned to various States. That is due to the fact that the movement of the unemployed in Chicago is stronger than it is anywhere else in the three hundred cities and towns in which we have organizations, and we have been able to develop militant mass struggles which have forced the authorities to recognize that in their own interests they

must make appropriations for the unemployed, and that is the only reason and the only way in which we have been able to secure any funds even from the Reconstruction Finance Corporation.

Now, let me turn to the measure which is before this committee. Let me first of all say that I have not read the bill. I have not been able to secure a copy since my arrival here, although I tried, but I will base my argument therefore on the bill as it was presented last year, assuming that the main features are identical with the exception that the amount involved is larger.

Last year there were two measures which proposed \$125,000,000, and the other proposed \$250,000,000 of which, according to that measure, 40 per cent was to be made available to the several States for relief, and 60 per cent was to be used for administrative and other expenses, other purposes, which have not been explained in the bill. It is clear, therefore, to us that the amount that is intended to reach the workers from such an appropriation, even if it were passed, would be only 40 per cent, or \$50,000,000 on the basis of last years' \$125,000,000 bill.

Now, our opinion with regard to these bills is that they are definitely intended for one purpose. That purpose is the same as all of the various schemes with which I have dealt here previously, the job-finding campaign, the Block aid campaign, the Swope plan, the Ohio plan, the six-governor plan, the Groves law, and so forth. All of these are intended to pacify the masses. All of these are motivated by a fear that too much misery will leave the masses to take a desperate action, and it is no accident that every one who has testified before this committee has in some way or another implied that the greatest danger that they are confronted with is not the danger that unemployed workers, their wives and children, are going to be starving, but the danger is they will refuse to starve. The danger is they may take desperate action and the Government may be threatened by the prevalence of these conditions, and so all of these measures have but one purpose, and that is to make the masses believe that they need not organize and fight, that some kind gentlemen in Congress are voluntarily and out of the kindness of their hearts going to do something for them.

Is it an accident that last year when the La Follette-Costigan bills were pending before this committee, that the newspapers carried such headlines as this, "\$750,000,000 Senate relief bill planned. La Follette wins Democratic compromise. Passage of new measure seems assured," and this was in an article by Kenneth Clark of the Universal Service staff. Or such an article as "Federal relief of unemployed is held certain. Approval by the President of Democratic measure is called inevitable. One of two bills will pass. Differences between proposal by La Follette and alternative are chiefly technical."

What was the purpose of these headlines? The purpose of these headlines was simply to fool the masses into believing that you, the kind gentlemen of Congress, are going to do something for them without the unemployed doing something for themselves; that they did not need to organize and fight at this time; that they could expect relief from Congress, and they were told in these big headlines that the passage of these measures was assured.

If you are really interested in the unemployed getting relief, it would be your duty to explain to the masses what the attitude of

Congress is toward the unemployed, and to say to the unemployed, "You must not expect us to do something for you. We can not. It is only if you will organize yourselves and fight that you will get some results, that you will get some results, that you will be able to win some relief." That is your duty if you want to help the unemployed, and if not you are helping to throw sand into their eyes, defeat their struggles, and keep them in the position where they are forced to starve slowly to death as they are doing at the present time.

Let me say first about your present measure, as I understand it, based upon 16,000,000 of unemployed, approximately 48,000,000 in need of relief in the United States, we would like to know how you come to conclude that \$500,000,000, presumably for a year, is going to be spent to take care of the needs of the unemployed. How, on the basis of the facts that have been presented to you here by these relief representatives, social service agencies, and so on, how you expect \$500,000,000 is going to suffice to meet the needs that are so critically confronting millions of American people, I do not know, nor do I know where you get the figures from.

I do not know what your bill is based upon, certainly not on the needs of the unemployed. It must be manifestly based only on an opportunity to deceive the unemployed. Your measure would propose a maximum, according to the number of employed, of about \$12 per year for the 16,000,000 unemployed. How do you expect that will keep these unemployed alive? Certainly, it is obvious that such a measure as this is not going to meet the problems of which you are not unaware and of which other members of the Senate and Congress are not unaware.

Let me quote to you a letter which is sent out by what is supposed to be a confidential agency reporting news from Washington.

It is dated January 2, 1932, from Washington, and marked "For clients only, copyright."

They report about the attitude of Congress a year ago at this time towards the relief program and they say the following:

So far there has been amazingly little talk of interest among the rank and file of Congress about Federal appropriations for unemployment and charity relief. The La Follette subcommittee, however, is building up a spectacular record of alleged distress and need. The subcommittee and the full Committee on Manufactures both have backed measures proposing heavy appropriations which are almost certain to be reported to the Senate. Under existing conditions and sentiment we want extravagant condition sidetracked. Widespread demonstrations during January and February, however, could change this picture very quickly.

The confidential industry, which supplies confidential information to the big business interests, and apparently their information must be pretty good, because big business never pays for anything not worth the money, sized up the situation quite well, exposed the fact that Congress is not interested in the conditions of the unemployed. It represents the point of view of employers when it says the appropriations are to be heavy that you are recommending, but it is manifestly not so.

The main point of emphasis I want to make here is the fact in support of my thesis must be recognized, that the way to relieve, to adequately relieve, is not by depending upon what you, no matter how kind-hearted you may or may not be, will do for the unemployed,

but the way is by organizing the unemployed themselves for their struggles, as we have been doing.

Let me say to you that this has been a very effective means for winning relief for the unemployed in many instances.

It has already been indicated here by some reports how we forced the city of Chicago to withdraw the 50 per cent relief cut which was announced for October and by organizing a united front of all unemployed workers, regardless of affiliation for a national struggle and demonstration against this cut.

Similarly, in St. Louis, we were successful by staging a demonstration at the city hall, into which the police shot their guns and wounded a number of the demonstrators, but nevertheless we forced them to withdraw their decision to cut those 13,000 families off the rolls.

From Santiago, Calif., we have a report of a similar concession won as a result of struggle.

We have innumerable such instances that can be reported, but I want to quote as the best authority for this the two following exhibits:

An item in the Better Times magazine, which is published by some social-service bureau in New York City, in its current number, under the title "Headlines of 1932," they have the following interesting facts. This is chronological:

On January 8 "Home relief bureaus discontinue accepting applications."

On January 9, "Crowds clamour for food at home relief bureaus; welfare council urges reopening."

On January 17, "Home relief stations reopen."

On April 23, "Police clash with 3,000 hunger marchers; 15 injured."

April 30, "Board of estimate votes \$5,000,000 for relief during June and July."

On August 16, "Unemployed councils of Greater New York organize hunger march."

September 1, "Board of estimate appropriates \$3,000,000 for relief during September. Acting Mayor McKee orders investigation into charges of favoritism in allotment of work relief."

I quote this in order to show how logical the struggles of the unemployed themselves are, and how they are followed by some action reluctantly taken by authorities, nationally and locally; and finally I want to quote the mayor of Chicago in this connection to indicate what are the motives that determine whether relief shall be provided for the unemployed or not. And the motives here seem to be not to provide for the needs of the public, but as stated by Mayor Cermak, before the State legislature on January 24—I am quoting from the New York Times of the following date:

Chicagoans are beginning to realize that with half a million unemployed and homeless people facing starvation within a week unless relief funds are forthcoming the city is now in as precarious a situation as it was after the devastating fire of 1873.

The problem of finding lenders of cash with which to pay 47,000 public employees, thousands of whom have been unpaid for seven months, and to enable governmental agencies to continue functioning was temporarily obscured to-day as officials and civic leaders considered means of inducing the legislature to adopt a \$20,000,000 State unemployment program when it meets Tuesday.

Mayor Cermak to-day described what might happen if relief is not obtained.

"This is civic fire insurance," he said. "These communist organizers are not new in our city. We had them in times of plenty. But now they find men more ready to listen to them. I say to the men who may object to this public relief because it will add to the tax burden on their property and they should be glad to pay it, for it is the best way of insuring that they keep that property."

"Unless relief is granted by February 1 nobody knows what will happen. Where we had one applicant before, we have five seeking help to-day. On the other hand, from the contributor who gave us \$1,000 a year ago, we are lucky to get \$100; they can only afford \$10 now. And those who gave us \$25 or \$10 then, are to-day knocking on our door for relief."

"Two methods have been suggested for raising money for the \$20,000,000 relief appropriation, of which about half would go to Chicago and Cook County relief agencies through the machinery set up by the governor's relief commission. One is an added 2-cent gasoline tax, the other a bond issue which would have to be submitted to a referendum next November."

I can inform you, as you probably know, that relief was granted by February 1, granted not because of the kindness of heart on the part of the bankers of Chicago, but granted because of the fear that the private property of the bankers and merchants of the multimillionaires of Chicago would not be safe if they continued to allow the unemployed to starve because they had organized themselves into a militant fighting organization.

Finally, I want to take up our program in relation to what I have said previously.

The purpose of our movement, we are trying to imbue the entire working class, employed and unemployed with, and the farming population of the country, is to see to it that not one family in the United States is without decent food, housing, and clothing during the present winter.

Toward this end, we are fighting for Federal relief, for Federal relief to the unemployed, at the rate of \$50 for each unemployed, plus \$10 for each dependent of an unemployed worker. On the basis of 16,000,000 jobless, and on the basis of three additional dependents, this would require an appropriation of a minimum of \$1,220,000,000 in order to provide this minimum of Federal aid for the unemployed for the present winter as a supplement to the visible relief which is being provided locally in the various communities.

Furthermore, we demand in this connection that the Government shall cease making these billion-dollar subsidies to the trusts, to the bankers and to the railroads of this country and turn over available funds for relief of the unemployed for those who have produced the wealth of this country.

We say, not one penny off the wages. Yes; shorter work days, but not one penny off the wages, off the wages of the workers of this country.

Their standard of living is already far too low. Our aim must be to raise that standard of living. We are entitled to what this country is capable of producing, a higher standard of living. The workers of this country are capable of producing it.

Not one cent of new taxes on articles of mass consumption.

We tried to appear two days ago in the conference which Mr. Roosevelt called with leaders of Congress at his home at 49 East Sixty-fifth Street, New York, in order to put forth our demands, and Mr. Roosevelt incidentally, who spoke so much about the forgotten man prior to his election, is now doing everything possible and getting the policy of doing everything possible to help him forget the forgotten man, and he sees to it that he barricades himself quite well

behind a blue wall of police in order to prevent the forgotten man from bringing his problems to him.

However, we understand now Mr. Roosevelt proposes to increase the taxes in the lower brackets, and we say, "No; not 1 cent of new taxes on articles of mass consumption; no increase in the taxes of workers with incomes just sufficient to keep going on; and no sales taxes that will increase the tax burden of the workers."

Finally, or rather, as one of our immediate demands, we insist on the immediate payment of the bonus to the veterans.

We say it is time to stop playing with this issue. We say that the veterans are entitled to the payment of the bonus at this time. We say the veterans need this in order to be able to live on it.

We placed this question before you last year. We raised this question in our national hunger march. The issue has since been taken up by the veterans of the country. They have come here. They have made clear that they need this bonus. If they had not needed it, they would not have lived for months in the mud flats of Anacostia; they would not have suffered all the hardships they did suffer in an effort to secure it. It is necessary that they receive it as a means of being able at least for the time being to continue to exist and they have been willing to suffer so much hardship and privation in order to win their battle.

We demand that they shall immediately receive it and that all relief measures considered in Congress shall have in mind the immediate payment of the ex-service man's bonus.

Finally, our demand is for unemployment insurance equal to full wages, or full average wages, for the entire period of unemployment, without any discriminations against the poor, foreign-born workers, or workers in any industry, and that unemployment insurance shall amount in no case to less than \$10 a week for workers who are involuntarily unemployed.

In presenting these demands to you we have in mind of course that it is not your intention to grant these. It is not your intention to provide adequate relief, and that it is not the intention of Congress to do so, either body of Congress. The intention of both bodies of Congress is to try to preserve the property of the real rulers of this country. That is the intention of the multibillionaire bankers, manufacturers, magnates, and so forth. Every cent that they can save on relief means millions and millions of dollars to them in the long run. If they cut down one cent on a meal an unemployed worker gets and figure it up in 16,000,000 meals, it amounts to a considerable amount, and they are determined to cut that amount by as much as possible.

They have determined also to reduce the wage standards of the employed workers to the same level as the relief standards of the unemployed. It is the policy and the program of Mr. Roosevelt, as it has been the program and policy of Mr. Hoover, and will be the program and policy of Congress as a whole.

We know that a change in this program or policy will not take place as a result of the kindness of heart of any one in Congress or as a result of our protestations, or as a result of whether we may be able to present a logical or reasonable case for this. What is required is that the unemployed shall manifest the capacity to secure those

things, whether the employers, the rulers of this country, please to give it or no, and as the unemployed become ever more capable through their organized powers to secure these things for themselves, then, and only then, will Congress be forced to provide for the needs of the unemployed.

The CHAIRMAN. The committee will stand in recess until 10 o'clock Monday morning.

(Whereupon, at 5.40 o'clock p. m., the committee adjourned, to meet again Monday, January 9, 1933, at 10 o'clock a. m.)

FEDERAL AID FOR UNEMPLOYMENT RELIEF

MONDAY, JANUARY 9, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee met, pursuant to the recess of Saturday, at 10 o'clock a. m., in Room 412, Senate Office Building.

Present: Senators La Follette (chairman), Wheeler, Hatfield, Cutting, and Costigan.

Also present: Senator Smith of South Carolina.

Also present: Atlee Pomerene, chairman; Charles A. Miller, president; and Gardner Cowles, sr., director, of the Reconstruction Finance Corporation.

The CHAIRMAN. The subcommittee will be in order.

STATEMENT OF HON. ATLEE POMERENE, CHAIRMAN RECONSTRUCTION FINANCE CORPORATION

The CHAIRMAN. Senator Pomerene, as you know, this committee is considering unemployment relief legislation. In view of the duties imposed upon the Reconstruction Finance Corporation in the act passed last spring, the committee felt that you and others connected with that work could give this committee information concerning the activities of the corporation looking toward unemployment relief, and that undoubtedly you could shed a great deal of light upon this general problem. The committee would be pleased if you would explain how the corporation has proceeded under the two sections of the act which provided for the loaning or advancing of Federal funds to the States upon application of the respective governors, and if you would give any other information which you feel would be helpful to the committee.

Mr. POMERENE. Mr. Chairman and Senators, do you want to hear from me or some of the other members?

The CHAIRMAN. We thought it would be appropriate for you to open. However, you can arrange that procedure among yourselves.

Mr. POMERENE. I take it from the statement you have made that you are primarily interested in this title 1, "Relief of destitution."

The CHAIRMAN. Yes. This committee has not under consideration any of the corporation's activities under the so-called self-liquidating—

Mr. POMERENE. You say it has not?

The CHAIRMAN. It has no direct interest in that although of course in so far as projects have affected the unemployment relief problem, they are germane to the general questions before the committee.

Mr. POMERENE. I want to assure you that the board and every member of it will be only too glad to give you now, or at any other time, any information which we have which is available.

The CHAIRMAN. We appreciate that very much.

Mr. POMERENE. Possibly, in view of the general question which you have put, it would be appropriate for me to give you a brief analysis of this law as we understand it, and the reasons for our course, and then when it comes to the details my associates here can give you additional information, particularly Mr. Croxton, who has been our assistant especially in charge of this work.

Congress made available just \$300,000,000. It was made available for a period of two years. The act was passed, and I believe approved, on July 21, 1932, and this proviso that not in excess of 15 per cent of this amount should be advanced to any State was included and shortly before—I am advised two days before the act was signed—one application came in for \$10,000,000 cash immediately and a request for a commitment by the board for \$45,000,000. Well it will occur to you, Mr. Chairman and Senators, that we could not act along that line because, with the \$300,000,000, which was made available, if seven States should have come in and asked for this money there would not have been sufficient to meet the application of the seventh State.

Senator WHEELER. What State was that, Senator?

Mr. POMERENE. Pennsylvania. And so we called attention to the provisions of this act, that under the act the governor of any State or of the three several Territories, which have the status of States so far as this law is concerned, may make applications and that such applications are subject to approval by our board.

Congress, I think very wisely, provided that the ultimate distribution of the funds thus made available to a State should be under the control and direction of the State authorities.

Now, one of the matters that gave us considerable concern was this: The application must be made by the governor and when he makes his application he must certify to our board two things: (a) That there is a necessity for it; (b) that the resources of the State and the funds available, plus funds which can be made available, plus private contributions, are inadequate to meet the situation. Our thought was then, and is now, that under this law we had to pay respect to those provisions; in other words, we were to act within the law.

Senator WHEELER. How many States have applied?

Mr. POMERENE. Thirty-six States up to this time.

Senator WHEELER. And how many have been granted?

Mr. POMERENE. Thirty-six States and two of these Territories.

Senator WHEELER. You have the amounts available so you can give them to the committee?

Mr. POMERENE. Yes; we have them ready here, and the details can be gone into further.

Let me say that this \$300,000,000 was available for relief work and for relief, leaving out the element of work.

Now, there was another provision in the act to the effect that if any municipality or political subdivision of a State was in need of funds, then the governor likewise may make application to us, setting out the cities or municipalities or political subdivisions which were in need of this fund.

The CHAIRMAN. You refer now to section E?

Mr. POMERENE. Yes; to section E. So, those matters have been taken into consideration. Of course, before we could intelligently approve any application, we had to call for certain detailed informa-

tion. That we did, and with rare exceptions we have met with the finest kind of spirit on the part of the governors or their representatives when they came and these distributions have been made.

Senator Wheeler asked a question as to whether we had with us a statement of the funds which had been made available to these several States. I have that list before me. Up to January 7, 1933, we have made available under the subsection providing for State reimbursement, on the applications of the governors, \$129,445,984.22. Funds made available on application of governors of the States of Illinois, Iowa, Michigan, North Dakota, Ohio, and Washington, providing for reimbursement by political subdivisions, total \$14,207,281.00. The total of these two classes amounts to \$143,653,265.22.

Now, that sum includes funds which have been made available for most of these States covering the months of January and February; so that up to date there has been allotted to these several States and their subdivisions nearly one-half of the total amount which was made available by the Congress of the United States. (See Appendix A.)

Senator COSTIGAN. Do you still adhere to your program of spreading the \$300,000,000 over a 2-year period?

Mr. POMERENE. Oh, we never did that.

Senator COSTIGAN. It was my understanding that you so interpreted the statute.

Mr. POMERENE. I know that some one did so misinterpret it. What I did say was when some of these people wanted these funds made immediately available that that was not our construction, and we did not believe it was the construction placed upon it by the Congress of the United States when they passed this law, because they provided that it could be spread over the two years. My thought then was, and is now, that if all of this fund was necessary, under the terms of the law, to be spent in two months, it would have been our duty to do it, and I am glad that you asked that question because I wanted an opportunity to clear that up.

Senator COSTIGAN. Perhaps I am in error, but I proceeded on the assumption that you prefaced your remarks with some such suggestion.

Mr. POMERENE. Oh, no.

Senator COSTIGAN. It must be that I did not hear you correctly.

Mr. POMERENE. I have never entertained that view and do not now.

Senator COSTIGAN. So that you feel the entire \$300,000,000 is available for appropriation as need may arise?

Mr. POMERENE. As need may arise, subject to the conditions provided in the law; namely, that the resources of the State, plus funds available and those which can be made available, plus private contributions, are inadequate for the purpose, and I think that very accurately states the law as I understand it.

The CHAIRMAN. It might clear up the point if we were to put into the record at this time just exactly what was said in the release to the press made at that time.

Mr. POMERENE. Is this a statement that I made here?

The CHAIRMAN (handing paper to Mr. Pomerene). I think that was given out on the 15th of September, 1932.

Mr. POMERENE. The paragraph I think you refer to is:

It provides among other things that not more than 15 per cent of this sum, or \$45,000,000 is to be available to any one State or Territory. It was not intended that this money should be expended all at once or allotted to a State upon the ipse dixit of its governor. It is available for two years from the date of the act.

We believe it is fair to say that Congress intended it to meet the demands upon the Federal Government for that period of time, unless extraordinary conditions should arise.

Thank you very much for calling my attention to it.

Senator COSTIGAN. You did not regard the conditions under which the act was passed as extraordinary in the sense in which you used the word in your statement of September 15?

Mr. POMERENE. I am not quite sure that I understand the import of your question. It was extraordinary in this, that I did feel, after I got to studying the act, that there was a necessity for Federal relief, but it was necessary, under the conditions which Congress put into this act and of course it was available for that particular time.

Now, it might save misunderstandings if I just read that sentence.

Senator HATFIELD. You are reading from what?

Mr. POMERENE. From the act itself, on page 12, under section C:

The Governor of any State or Territory may from time to time make application for funds under this section—

Senator WHEELER. What page is that?

Senator COSTIGAN. Page 2 of the print we have.

Mr. POMERENE. It is under Title 1, paragraph C. [Continues reading:]

And in each application so made shall certify the necessity for such funds and that the resources of the State or Territory, including moneys then available and which can be made available by the State or Territory, its political subdivisions and private contributions, are inadequate to meet its relief needs.

And I still say I accept the statement I made "under extraordinary circumstances" to be consistent with the meaning of this section.

The CHAIRMAN. Do you know, in a general way, how the grants made by the corporation compare with the requests made? That is, whether or not it has been necessary to reduce those requests?

Mr. POMERENE. Some of them have been reduced from time to time, and Mr. Croxton can give you all those details. He will be able to furnish to you the amount of the several applications and the amounts which were awarded.

The CHAIRMAN. As I understand it, it has been the policy of the corporation to extend these grants for short periods of time.

Mr. POMERENE. Yes, sir.

The CHAIRMAN. Would you explain to the committee just why that course has been taken?

Mr. POMERENE. We adopted that course because we felt that more relief would be granted for each dollar as it was given out; in other words—and I do not mean to be unkind in my criticism—the more funds which are made available at a given time causes some of these agencies to stop their active work at home, or at least not to exert themselves to the extent they formerly did; in other words, this is for relief, and one State may need a given amount in September and a different amount in the more inclement months of January and February.

The CHAIRMAN. There has been brought to the attention of the committee, in the course of some of the hearings which preceded this one, that the fact that the funds were given out for short periods of time has resulted in difficulty on the part of the local administrative authorities in making plans for the continuous operation and budgeting of their activities. That is what prompted my question.

Mr. POMERENE. I am glad to have that information. I think that was true in one State. Were there any others?

Mr. CROXTON. I think not. Occasionally it arises, but often it is the other way.

Mr. POMERENE. It has been the exception when that situation has arisen.

Senator COSTIGAN. Do you recall what State that was? Was it Illinois?

Mr. POMERENE. No; it was not, Senator.

Senator COSTIGAN. We had testimony on this subject from witnesses from Illinois.

Mr. POMERENE. I will be glad to go into any of the States or items. Mr. Croxton has the full details and he can give you them more accurately than I can.

Since you have referred to Illinois, let me tell you briefly the situation there. I do not like to refer to these matters, but virtually there are two divisions in Illinois, one Cook County and the other is the balance of the State, and representatives of the relief agencies came here to see us about it. They were very much distressed in the early part of the season, beginning perhaps in September, when the legislature was in session, and we called their attention to the provisions of this law and asked them what the State was doing and other counties—

Senator WHEELER. You mean representatives of the city of Chicago came here?

Mr. POMERENE. No; representatives of the State as well. Their representatives told us about this situation.

Senator WHEELER. Told you about what situation? In the city of Chicago or outside?

Mr. POMERENE. About the situation generally in the State and about the situation as to legislation. We suggested to them that we wanted to help and would help—were anxious to do it—but we felt under this law that the State legislature and the several counties should take up the matter and do what they could as precedent to what we should do and then we were told that the election was coming on and members of the general assembly outside of Cook County would not vote to place any burden upon the people generally and that there would be a new session of the legislature called shortly after the election and that they hoped to get additional relief then, but in view of what seemed to be the conditions, so far as new legislation was concerned, we made a pretty substantial appropriation.

Senator HATFIELD. Was that a joint representative body from the city of Chicago and from the State?

Mr. POMERENE. Let me ask you that, Mr. Croxton. They represented both the State agencies and the city agencies?

Mr. CROXTON. Yes.

Senator HATFIELD. A joint organization?

Mr. CROXTON. The State relief Commission, representatives of the legislative body, and representatives of Cook County and Chicago.

The CHAIRMAN. In that connection, could you explain to the committee just what the corporation had done in the way of spurring on to further activity the various governmental units to increase their relief—

Mr. POMERENE. You mean the State and local units?

The CHAIRMAN. Yes.

Mr. POMERENE. Yes, sir. As for myself—and the others can speak for themselves—whenever any of these agencies came, we called their attention to the provisions of this act. I think that one speech I made here before some community fund organization was pretty generally circulated, and as these governors in the several States came to see me I am sure Mr. Croxton and Mr. Cowles, who had particular charge of this matter on behalf of the board—I am certain that that suggestion was brought home to them and that we felt that ordinarily the relief should be furnished by the several localities or the State and that in our judgment—I do not want to shirk any responsibility; it is my judgment as well as, I think, the others—that they should exhaust—I do not mean that literally—that they should make reasonable efforts to take care of their poor and needy, and in some of the States that has been done.

For instance, I know that this was true until a short time ago, and I think it is true now, that in the New England States where there was a great deal of distress, in Massachusetts, Connecticut, and perhaps Rhode Island, among the industrial people, those States took care of their needs and only one State, New Hampshire, has asked us for relief. The State of New York, during all of these months, with a very large number of persons who were in need, made no application for relief. I think in the inaugural address of the new governor, he made some reference to it. I think that is, as far as I know, the only instance in which it has even been suggested that New York was going to come in.

Senator WHEELER. I would like to have the theory upon which you proceed when you think that the State or the local community ought to exhaust their resources before they call upon the Government in a crisis of this kind.

Mr. POMERENE. My theory is based upon the act of Congress itself primarily and, in addition to that, it is my judgment that these are largely local matters which ought to be cared for. I do not think we ought to do anything which is going to destroy or minimize the charitable disposition of the people generally.

Senator COSTIGAN. No matter how urgent the human need?

Mr. POMERENE. Oh, no, I did not say that. There is reason in all things, and if they fall short and do not do it, then someone else ought to do it. I am not assuming an impossible case. If the States did not furnish relief and the people individually did not do it, and the Federal Government could do it, I would say that it was your duty, as a Member of the legislative body, to provide for it. When a human being is in distress, I am not asking the why nor the wherefore.

The CHAIRMAN. Senator, would you say, generally, that the efforts of the corporation to induce the local communities and State governments to provide greater funds had been successful?

Mr. POMERENE. Well, now, you are asking me a pretty difficult question. I would say it has met with some success. I do not think that it has met with the success that we hoped for.

The CHAIRMAN. Have any of the States that you know of, as a result of their contacts with the corporation, made special provision, through taxation or otherwise, to augment their funds for relief purposes?

Mr. POMERENE. I will answer your question in this way, either they have done it or they have promised to do so. Bear in mind,

please, that except in rare cases, the legislatures of the several States meet in January and possibly later than that, and we have had those promises.

Mr. CROXTON. Senator Pomerene, you will recall that both Illinois and Pennsylvania made further special provisions after contact with the corporation.

The CHAIRMAN. Have you any information, Senator, as to the condition of the fiscal affairs of these States and communities, indicating how long they can continue to provide funds for this purpose, or how much they can extend their credit for the purpose of meeting relief needs?

Mr. POMERENE. I will again have to ask Mr. Croxton to give you the details about that. But in some of these cases we have been assured that there was going to be additional relief. The difficulty has been in some of the States, that there is a limit on their taxation rates and in others there is constitutional limitation on the power to issue bonds.

The CHAIRMAN. In other words, in many States, as I understand it, there are debt limitations imposed upon the local governments with regard to their assessed valuation?

Mr. POMERENE. Yes, sir.

The CHAIRMAN. And of course they can not exceed that either without amendment of the constitution, if it is within the constitution, or legislative action, if it is a statutory provision?

Mr. POMERENE. I think that is true.

The CHAIRMAN. Have you any impression as to whether or not these advances under section C are reaching the point where they are likely to be in excess of the normal highway appropriations?

Mr. POMERENE. Well, I do not believe I can answer that question, Senator. I do not have the answer in mind now.

The CHAIRMAN. You see what I have in mind? It is provided that these funds shall be deducted from future highway appropriations.

Mr. POMERENE. I understand that.

The CHAIRMAN. And I was interested to know whether there were any instances in which States had already exhausted their normal expectations under highway appropriations if we assumed that the—

Mr. POMERENE. I think I may say this—I do not know that the people who have talked with me had authority to speak or not—that there has been a feeling in some of the States that by these appropriations by the Federal Congress to aid in road building, the States have been ambitious to furnish their 50 per cent, I believe it is, and that has resulted in a great deal of financial embarrassment at this particular time.

Now, keeping that fact in mind, it may be that these relief loans would have some effect on their road building.

The CHAIRMAN. It has been brought to the attention of the committee that in some instances the conflict of interest between the municipal or metropolitan district which is burdened by excessive relief burdens and the rural communities which desire to have the road programs continue, to a certain extent has acted as an inhibition upon governors in making application, even in instances where the relief demands were critical, because they were fearful of the political

reaction of the rural communities which were opposed to the commitment of future highway funds for immediate relief purposes.

Mr. POMERENE. I think there is some truth in that, and I think the same difficulty that you speak of has arisen in certain localities in this way, that the gasoline tax was in some of these States to be applied to the building or repair of roadways, and so forth, and when the question came up of diverting some of that revenue to relief purposes—I mean relief purposes in the sense we are discussing it here—there was objection to it.

The CHAIRMAN. Do you know whether the cities that have gotten money under section E pay interest currently on those loans?

Mr. POMERENE. I am not sure that I understand that.

The CHAIRMAN. The point I have in mind is, what provisions for the payment of interest are made in connection with these loans to municipalities under section E, where they have the approval, in advance, of the Governor?

Mr. POMERENE. We would get their applications and those applications carry a rate of interest at 3 per cent, I believe.

The CHAIRMAN. Has it come to your attention that some of the municipalities, under section E, have either been induced or been forced by the attitude of the executives in some of the States, to make arrangements or agreements to repay these advances to the States?

Mr. POMERENE. I do not think I have anything of that kind in mind now.

The CHAIRMAN. It was brought to the attention of the committee that in at least one important instance the municipality, in order to get the funds, had to enter into an agreement—I do not know whether it was a gentleman's agreement or something more binding—that it would reimburse the State for the advances which it received. Has that ever come to your attention?

Mr. POMERENE. I do not believe it has, Senator. My memory might be refreshed about it. I do not recall it now.

The CHAIRMAN. If I understood your statement or response to a question previously made, you have interpreted the phraseology of the act regarding the exhaustion of funds in a somewhat elastic manner.

Mr. POMERENE. Yes, sir.

The CHAIRMAN. In other words, the corporation has not taken the attitude, if I understood you, of requiring absolute exhaustion of funds?

Mr. POMERENE. May I answer that in this way: When we had special conditions as to the poor and needy before us and we had before us the fact that the States or local authorities were not doing what was their duty and we were confronted by the condition of relief, I think, in the language of Chief Justice White, we adopted the rule of reason.

Senator COSTIGAN. In other words, you wanted to be shown a reasonable exhaustion of local funds?

Mr. POMERENE. I think that pretty fairly states the fact.

Senator WHEELER. How many of the applications have you turned down on the ground it had not sufficiently exhausted resources?

Mr. POMERENE. I will ask you, Senator, to put that question to Mr. Croxton when he is on the stand. He has all that data. I do not think we have turned them down. We have reduced them somewhat. Does that accurately answer the question, Mr. Croxton?

Mr. CROXTON. Yes; with a little modification. Several States made so-called "covering" applications for large amounts immediately following passage of the act, and later withdrew or modified such applications. One State made application for funds and later, before any action was taken by the corporation, made funds available from its own resources and withdrew its application.

Senator COSTIGAN. In view of the representations of need made to your corporation, have its members reached any conclusion, or have you, as to the adequacy of the \$300,000,000 appropriation for that purpose?

Mr. POMERENE. Senator, I think every member of that board is open minded on that subject and when you ask us whether we have reached any conclusion about it, I must answer you in a rather indefinite kind of way for the reason that none of us can say to-day how long this winter is going to continue. In the Southern States, it will not perhaps continue very long. In some of the Northern States, where they have a more rigorous climate, the situation may be different.

I think all of us are hoping and praying that industrial conditions may improve. If they improve, that ought to lessen the need for Federal relief, but those are all uncertain quantities, and I am sorry that I can not answer you more definitely than that.

Senator COSTIGAN. The committee has received testimony indicating that the peak of human relief needs will not be reached perhaps for a year after the turn for the better in economic conditions. Have you any reason to suppose that that is not true, Senator Pomerene?

Mr. POMERENE. You want a frank answer to that?

Senator COSTIGAN. Yes.

Mr. POMERENE. I do not think anybody can tell what is going to happen a year hence, whether he is an economist or whatnot, and I have such faith in the people who are at the head of enterprises that they would do much to relieve that situation. It may continue, I have no doubt, about that time, but it is too indefinite a time for anyone to speculate as to whether it will be three months or a year. That is beyond my ken, at least.

Senator WHEELER. Most of the guesses made by leaders—financial leaders and others—and economists have failed, have they not, Senator?

Mr. POMERENE. You and I will not quarrel on that, Senator.

Senator COSTIGAN. Has it been the policy of the board to suggest to States that it would be well for them to confine their requests for assistance within limits which the board specifies for those States?

Mr. POMERENE. What have you in mind?

Senator COSTIGAN. Suggestions have been made from time to time that the States have been told what they might expect from the Reconstruction Finance Corporation and that it would be well for the States not greatly to exceed, in their applications, the amounts which were to be expected.

Mr. POMERENE. Unless you put something specific to my mind, I do not have in mind anything except this. There has been suggestions to us that we ought to take care of hospitals at places and also care for people while they were in the hospitals. I think our position has been that in matters of that kind the local authorities should take care of those matters.

Senator COSTIGAN. So far as you know, the board has not adopted any general policy of telling the States what they may receive?

Mr. POMERENE. I think Mr. Cowles can answer that better than I.

Mr. COWLES. I do not think there has ever been a case of it. Of course there have been some large requests of a very general character; for instance, the State of Arizona asked for \$45,000,000, and I think it may have been suggested to them that whatever showing they might make for the need would be considered.

Senator COSTIGAN. Yes.

Mr. CROXTON. We never had any formal request for that. That came through the newspapers.

Mr. COWLES. Was there not a request from Iowa, a formal request, for \$10,000,000.

Mr. CROXTON. Yes.

Mr. COWLES. I think I told the governor myself that whatever he could show he needed, the board would look with favor upon, but that a blanket request for \$10,000,000 was not in the proper form.

Senator COSTIGAN. Have you reached any conclusion, Senator Pomerene, as to whether the sections dealing with the relief of destitution are appropriately added to the other duties of the Reconstruction Finance Corporation or not? In other words, would you prefer to have those powers vested in some separate, independent agency?

Mr. POMERENE. If you are asking me for my personal opinion, it would relieve us of a great deal of work were that done, but let me say now that I do not intend to try to shirk any duty. I never did it in my life and never intend to, but if it is contemplated by this committee or by the Senate or the House or both; if there is to be any change in that situation, I hope and pray you can get men who will look at all sides of this situation and then do what the board ought to do.

In speaking of that subject, I will exclude myself from what I am saying now; I have never in my life been associated with a group of men who were more devoted to the carrying out of the provisions of this law than these gentlemen with whom I have had the honor to be associated. They are giving it every attention and are giving it their best thought.

Senator COSTIGAN. Do you care to express any opinion as to whether or not the act should be amended for its more efficient operation? I refer now, of course, more especially to the features of the act which you have been testifying.

Mr. POMERENE. Well, I do not believe I do, unless it is the desire of your committee to recommend a complete change of policy. There are some amendments that I would suggest to certain other features of it; for instance, to the character of projects which are provided for under section 5, but that, I take it, we are not specially interested in now.

The CHAIRMAN. It is assumed that you desire us to ask questions as to the precise methods adopted more particularly of Mr. Croxton?

Mr. POMERENE. Yes, sir; because he has that in charge. It is not only desired, but we welcome questions of that kind and if we do not happen to have any information at hand here, and you want additional information and we have it, all you have to do is just ask us for it and we will look it up.

The CHAIRMAN. Thank you very much, Senator.

The CHAIRMAN. I am informed that President Miller of the Reconstruction Finance Corporation, would like a few minutes.

STATEMENT OF HON. CHARLES A. MILLER, PRESIDENT OF THE RECONSTRUCTION FINANCE CORPORATION

Mr. MILLER. Mr. Chairman and gentlemen of the committee, I would not take your time except perhaps in one respect I have had an experience which may be helpful to the committee.

Before I took my position with the Reconstruction Finance Corporation I worked about 14 months as head of the unemployment relief in my city and also for 8 months as chairman of the county work relief, so that I came very closely in contact with actual relief work.

The CHAIRMAN. To what city do you refer?

Mr. MILLER. Utica, Oneida County, New York State. That, of course, was an unpaid job, but it was very nearly a full-time job and it brought me into personal contact with literally hundreds and thousands of the unemployed. The two suggestions that I wanted to make to the committee came out of that.

Governor Roosevelt appointed a very excellent unemployment relief committee under the chairmanship of Jesse Strauss, after we had worked about a year on unemployment in our part of the country. Up to that time we had financed our unemployment entirely by charitable contributions and from money we were able to raise from private sources, and we had found that by putting every man we had actually employed, on work relief, we succeeded in getting about another man and a half employment, where we did not pay them.

When New York State appropriated \$20,000,000 for this relief, it became impossible to finance anything by private contributions. I just want to call your attention to that; that by some strange psychology, the public will not put its hand into its pocket and give when the Government is giving or when the State is giving and when taxation is to be used, and for that reason when you once use taxation, you should perhaps be more generous than before because the possibility of raising funds privately practically vanishes with that. That was one experience.

The second thing I wanted to call your attention to was that there are two methods of distributing relief of this kind. Both of them were considered by Congress at the time of the passage of the bill. One is a geographic, per capita distribution without regard to need, and the other is an actual careful endeavor to discover the needs and put the money where it will do the most good. The matter was handled in such haste, that when the committee went to work in New York State it made an almost irreparable error. It took about two-thirds of the funds and distributed them immediately geographically, on a per capita basis.

Senator HATFIELD. You are speaking now of that \$20,000,000?

Mr. MILLER. Yes, sir. That was the first time New York State took a hand in it. That left many black spots. Great industrial centers went very short of funds when private relief stopped. On the other hand, many places which did not know of a panic up to that time, immediately realized it. I am sure that Mr. Strauss and the committee would not defend it now except on the basis of the dire necessity of acting hastily, and so, since that time, we have been attempting actually to reach the actual needs.

Mr. Croxton will tell you again and again that the actual needs are met and there is nobody left starving, and I take it that after you have talked with Mr. Croxton, you will probably have the same faith in him in that particular that we have, and appreciate why we have been trying to keep away from any geographical or per capita distribution of this fund.

Finally, there are two methods of employing this fund; one, work relief, which is provided in the act and which is the part with which I have had the most experience, and the other is just the gift of the money as a dole to those out of work.

I want to speak a word of warning about that.

The people, as I learned during my time there, want an opportunity to work. I think they have a right to work. Again and again people told me they did not want charity, but wanted work. We attempted to supply it and did supply it, on public works. I could take more time than you would care to give me, in describing projects on which we actually employed people, and we did it without reducing the scales of wages. If we wanted to employ a carpenter, a member of a labor union, who wanted to maintain his standard scale of wages, we used him one day a week at his regular wage scale, whereas, with an ordinary laborer, we would use him three or four days a week, according to the size of his family.

The reason that is important, it seems to me, is that as this thing grows—and they tell me this thing has occurred in New York since I left there—the custom of people in accepting relief instead of work, has gradually changed some of that psychology, so that people now who formerly were ready and anxious to get on the pay roll for work, who have found it just as easy to get relief without working, are now just as willing to accept the dole as work.

Therefore, it seems to me, that in the spirit in which this act is carried out, everything should be done that is possible to use this money in the form of giving work, rather than in the form of giving away money.

Senator WHEELER. I agree with you absolutely that what we ought to do is to provide work, but it will take a lot more money if we provide work than if we give relief.

Mr. MILLER. It takes it temporarily, but when you give work relief, the demand for relief falls off. It has been the history of every other nation that when the dole was given, it stays. Unless we are to stay permanently on the Federal dole, that distinction must be borne in mind.

I do not want to eat if other people are not allowed to eat in this community; I do not want to live here if children have to go un nourished, but I think that jobs are necessary to get them the nourishment, in the long run—and it has been managed thus in various parts of the country—

Senator SMITH. Do you think it is practicable to employ those who are really standing in dire need of relief, on public work? Are the public works enough to employ this vast army?

Mr. MILLER. I do not say you can do it.

Senator SMITH. I heartily agree with you that it is the destruction of the spirit of the people to give them a dole.

Mr. MILLER. Yes.

Senator SMITH. They want work. The question is, can this bill be so liberalized as to give employment, even where it is not public works? How can we bring in certain organizations that would give employment, and would increase the real wealth of the country, and yet not come under the definition of public works?

Mr. MILLER. I can tell you a little of that out of our experience. I admit it needs a great deal of ingenuity. I doubt whether it can be done by actual amendment of the act. Legislation, after all, is very inelastic. When it is adopted, it just binds you down to that—

Senator SMITH. It depends on the administration as to its elasticity.

Mr. MILLER. That is what I mean. I will answer your question particularly. This was our situation in Utica: We found ourselves faced with 5,000 unemployed. I think we were the first city in the State to recognize that and had the first unemployment committee. We raised a fund of \$100,000, and at first we met every day and finally it got down to meeting only once a week. We started the matter by opening an employment agency where we employed—and the institution with which I was connected, as a matter of fact, paid the expenses for starting that and the salary of the man who managed it. We then found it was not going to do the job and we started investigating and called in the mayor and the superintendent of public works and found what public work could be done. We found there were various creeks and brooks on the outskirts of the city that flooded and caused damage to the city to the extent of several thousand dollars a year.

We then found an old quarry and got permission from the owner to use it and put men to work in the quarry, and we put 1,500 men to work lining the walls of these creeks and brooks with rip-rap work. It is work that probably would not have been done for years, but eventually. We put 1,500 men to work on that.

During snowstorms we used 300 men at a time in removing snow from streets where it had accumulated.

Senator WHEELER. I think there is plenty of work to be done in the United States of America to-day if we could put the people to work where it would be a capital investment for the Nation and work that ought to be done, so that the Government would be permanently improved, but the question, of course, comes up as to the necessity of meeting the emergency needs of particular localities.

The trouble, however, has been that Congress, as well as those in charge of other branches of the Government, have not recognized, at least up until the present time, the absolute necessity of starting on a vast program to put these people to work. There are innumerable things that could be done and should be done, it seems to me, by the Government in putting these people to work rather than putting them on a dole. If they will not adopt one program of putting them to work, they certainly must start feeding them. We have been told frequently that business conditions would pick up and more people would be put to work, but that has not taken place.

We were told the Reconstruction Finance Corporation would solve the situation and some other bill would solve the situation and in the meantime we have just been giving them the doles. If we had started two years ago and actually appropriated \$5,000,000,000 to put people to work we would not have been under the necessity of people coming here and asking for money to be paid out in doles.

Mr. MILLER. The best plan I have seen of that kind is Fred Kent's plan that he read to the American Bankers Association. It is the only plan I have seen that really promises results and everyone who has talked to me about the plan has so regarded it. It is a very radical plan. People would say that I am a socialist if I even suggested the outline to you, but to my mind it comes nearest being the one workable and practicable plan—

Senator SMITH. Can you conceive any form of socialism more desperate and terrible than a dole?

Mr. MILLER. No; I think the dole is the very worst. We should do everything else before adopting the dole.

Personally, while I would not want to commit myself to Kent's plan of operation which is, roughly—

Senator COSTIGAN. What is the outline of the plan, please?

Mr. MILLER. It is, roughly, requiring first a brief survey of industry in the consumption of goods, and, second, a guarantee to industry, carefully supervised, of course, that on the resumption, on a scale necessary to produce the demanded goods now—a guarantee against loss to the industry that does that.

Under careful figures, he shows that that would put 2,000,000 men directly to work the day it started. That would cause the heavy industries, which would not be taken care of at all, to start to work to furnish the additional lumber and steel needed for those requirements. It is a rather brilliant thought.

Senator SMITH. That is indirectly answering the question I asked you before, if it were possible for industries which were not public in character and yet were shut down on account of this condition, resulting in putting people out of work—was there any way by which we could reach that class, which is the most numerous?

Mr. MILLER. The reason I hesitated freely suggesting this plan and speaking about the socialistic feature is that in my particular job I am supposed to be an ultraconservative, and I would hesitate to bring discredit to my associates by advocating, as I described, so radical a measure, but I think it comes the nearest to a solution and costs the least money.

Senator SMITH. You think present conditions are conducive to conservatism?

Mr. MILLER. No, sir.

Senator COSTIGAN. You have already spread the plan, by suggestion, to your associates. Are you in a position to make an estimate as to what it would cost if applied?

Mr. MILLER. No. Of course you know who Kent is. He is really a distinguished economist and banker and has had experience with most of the foreign nations. His theory is that in all human probability it would not cost anything; that the guaranty, if properly made and applied, would result in the opening up of industry, and that that would so make the scale rise that no one would have to call on the guaranty; that profits would be attained in the normal course of business. He points out that that could not be put into operation until retail prices had fallen out of proportion to wholesale prices; that retail prices have now gone down out of proportion to wholesale prices and that marks the time when we could start at the bottom and give them the upward movement.

However, all of this has nothing to do with the subject I wanted to discuss, and I can not fail to emphasize that we are doing everything

we can to promote work relief and also trying, when work relief will not take care of the situation, to see that no one is suffering hardship. Of course, everyone is suffering hardship. I would not be here in Washington except for this situation.

But no one should suffer to the point of actual starvation, and we are just as anxious about the situation as you are and personally, while I would have doubted the advisability of hooking up charitable enterprise to a business proposition, it is more because I would have been afraid that the charity would disrupt the business organization rather than that business would get too much of the charity. I think the thing should be run on a business basis whether you leave it with us or take it somewhere else.

I believe it is being run on a business basis, but with a desire to relieve in every way. If you can get a warmer hearted desire to help and more skill in handling it, for heaven's sake take it way from us. It is a conscientious necessity to handle these big funds on a business basis and not a sentimental basis. If you want that done I think it is in proper hands, myself. If you want to have it sentimentalized—and it is very easy to sentimentalize on this and I have a great deal of difficulty myself in refraining from it—then you should give it to some one else.

STATEMENT OF FRED C. CROXTON, OF THE RECONSTRUCTION FINANCE CORPORATION

The CHAIRMAN. Mr. Croxton, will you please give your full name?

Mr. CROXTON. Fred C. Croxton.

The CHAIRMAN. Will you give a brief résumé of your previous training and experience?

Mr. CROXTON. How far back shall I go, Senator?

The CHAIRMAN. Your more immediate training and experience is what I have in mind. If I am correct, you have been engaged in other work bearing on unemployment relief before you became associated with the work of the Reconstruction Finance Corporation?

Mr. CROXTON. Suppose I go back this far: A great many years of my life were spent in industrial work—in the general field of industrial relations.

The CHAIRMAN. What was your occupation?

Mr. CROXTON. I was chief statistician and chief mediator of the Ohio Industrial Commission, going there 19 years ago. I also reorganized and had charge of the administration of the public employment offices in that State. I resigned that position after three and a half years and went with a private organization which was interested in public matters, the Ohio Institute.

A few weeks before we entered the war I submitted to Governor James M. Cox, of Ohio, a plan for handling our labor—mobilizing labor in Ohio—as a war measure. He immediately adopted the plan and drafted me at a dollar a year to administer it. I served in that capacity until March, 1919, following the war.

At the same time I became the vice chairman of the Ohio branch of the Council of National Defense. With the governor as the chairman, I was the executive vice chairman of that organization. With the creation of the Federal Food Administration Governor Cox asked me to accept the appointment as Federal Food Administrator for Ohio

and I continued in that capacity throughout the war. I happened also to be made Federal director of the United States Employment Service for Ohio, so I had four \$1 jobs throughout the war.

In March, 1919, the War Department and American Red Cross asked me to bring a staff of my own choosing and follow through for a period of three months on some studies relating to the demobilization of troops, particularly with reference to industrial problems.

I then returned to work with the private organization with which I was associated. In the year 1920 the Red Cross asked me to become assistant general manager in Washington, which I accepted for one year.

I returned to Columbus at the end of the year to become secretary of an organization which later developed into the community fund of Columbus. I was at the same time director of the Council of Social Agencies. I remained in that position until October 31, 1929, when I resigned to give my attention to problems which have long interested me, in the stabilization of industry. I first began work on that in 1914. However, I was not allowed to continue in that very long, as Governor Myers Y. Cooper, of Ohio, asked me on February 1, 1930, to take over the organization of State agencies and local resources in an effort to promote employment. The State was organized with the cooperation of various organizations of that State in an endeavor to promote employment in private industry and to push forward necessary public works. I continued in that work until October, 1930, when a telegram from the Secretary of Commerce asked me to come to Washington in connection with unemployment matters for a few months, which I did. At that time the committee known as the President's Emergency Committee for Employment was organized, with Col. Arthur Woods as chairman. I became vice chairman and acting chairman of that committee when Colonel Woods went to Europe in May, 1931.

In August, 1931, Mr. Walter S. Gifford was called by the President to become director of the President's Organization on Unemployment Relief and I was asked to accept the position of assistant director. I continued in that position until late in July of 1932, when I was asked by the Reconstruction Finance Corporation to come with them as assistant to the directors and in charge of the emergency relief division.

In connection with my other work, I served for several years as a member of the Ohio State Board of Health. I was also a member of the Northern Ohio Tornado Disaster Committee, which raised over \$600,000 in the State outside the distressed counties for the Red Cross to administer as relief. I also served without compensation as chairman of a committee on welfare work among newly arrived immigrants. This committee was appointed by the Secretary of Labor upon recommendation of the Commissioner General of Immigration.

Senator WHEELER. Are you still a dollar-a-year man?

Mr. CROXTON. I am sorry I am not. I would rather be a dollar-a-year man than have any salary if I could afford to serve in that capacity.

The CHAIRMAN. In view of your association with the unemployment relief problem, have you any general figures on the sums being expended for unemployment relief in the United States?

Mr. CROXTON. Not in the United States. I have here—I have had no time to get these figures up especially because we have worked day

and night—but I have an outline here which proceeds in a logical sort of way, taking up the matters in your invitation. If you would like, I will proceed in this way.

The CHAIRMAN. Have you any figures—

Mr. CROXTON. Not for the whole United States.

The CHAIRMAN. Do you know whether there are any figures available as to the sums being spent for unemployment relief?

Mr. CROXTON. Absolutely not any really reliable figures, and I feel I can demonstrate that to you by showing you the best estimates which can be made in the counties in your own State. The best efforts are being made in your State to get that information and you know how difficult it is to discover the actual facts and also how difficult it is to get the people, who ought to know, to appreciate that there is a problem there. There are no figures available for the whole of the United States, but we do have fairly reliable figures for the territory we cover.

The CHAIRMAN. When you say "the territory we cover" you mean the States that have made applications?

Mr. CROXTON. This map [exhibiting] shows, Senator, the territory for which we have made funds available. That territory is shown in red. I will leave that with your committee. That is up to the close of business last Saturday, January 7.

You will notice that there is a total of 12 States still white. Those are the New England States, Maryland—

Senator COSTIGAN. States in which no application has been made?

Mr. CROXTON. Yes, sir. There is one exception. The State of Delaware did make an application but withdrew it because the legislature was in session and could provide funds.

Then you have Nebraska, Idaho, and California.

Now, the attitude of the governors has been something beyond anything one could have expected. With 25 governors changing, the governor elect in many cases has joined unofficially in the request for funds for January and February. The hatched sections indicate that the principal city but not the whole county is covered—

The CHAIRMAN. Does that mean where the hatching indicates loans under section E?

Mr. CROXTON. No; the governor has picked out the most distressed counties. That is the way they generally proceed, and it grows up from that.

Your State, Senator Hatfield, started in here with the mining sections, which you know so well, and also in the industrial section.

Senator COSTIGAN. You are referring now to West Virginia?

Mr. CROXTON. Yes, sir; and, Senator Costigan, your State started in with the drought area.

Senator COSTIGAN. The eastern region?

Mr. CROXTON. Yes, sir. Your State, Senator Wheeler, started in with your mining sections.

Here [indicating on map] is a most interesting State, Minnesota, where they have confined their applications almost entirely to the ore sections, and the marginal sections, and the industrial sections.

In Ohio, you can follow the steel right around in that semicircle [indicating] and the automobile centers. While that apparently leaves Ohio largely white, the political subdivisions in red really comprise about 60 per cent of the population of Ohio.

Senator HATFIELD. Sixty per cent in the white?

Mr. CROXTON. No; in the red, but the State map looks pretty white.

We will have a great deal more demand from Georgia shortly. The retiring governor did not like to make an application with the change coming so shortly.

The CHAIRMAN. Have you in your possession any estimates as to the breakdown of relief expenditures as between public relief—as distinguished from the relief being afforded to private charitable activities, chest drives, and so forth?

Mr. CROXTON. We can a little later break that down for you, but you will be surprised to note—at least we were surprised when we compiled the figures—that in the territory in red, almost exactly 80 per cent of the relief money is coming from the Reconstruction Finance Corporation now.

The CHAIRMAN. Eighty per cent of the money is coming from the Reconstruction Finance Corporation and the other 20 per cent is divided between private charitable activities, local and State government funds?

Mr. CROXTON. Red Cross flour, and so forth.

The CHAIRMAN. But that would also be governmental.

Mr. CROXTON. Yes, sir; but it is in that 20 per cent.

Senator HATFIELD. Has the percentage been gradually increasing or rapidly increasing?

Mr. CROXTON. It has remained just about the same for the period up to December 31, and for January and February as far as we have gone.

Senator WHEELER. As far as the agricultural sections are concerned, your demand probably is going to increase during the next year by reason of the low prices of commodities and by reason of the fact that they are using up their own capital to live on—a great many of them—at the present time. Is not that true?

Mr. CROXTON. Yes, Senator. Of course, the agricultural people have a wonderful faculty of looking after themselves, but we are dealing with pioneer undertakings and we do not know where they will lead us.

For instance here [indicating on map] is an abundance of sheep, but the families of the owners are sorely in need of clothing. Just imagine that sort of thing. Another section may need fuel. That would be true in this territory in here [indicating].

The CHAIRMAN. Have you any estimates as to the number of persons or families on relief in the United States?

Mr. CROXTON. Not in the United States, Senator; but I can give you fairly good figures for the red territory.

The CHAIRMAN. But that excludes the New England States.

Mr. CROXTON. Excepting New Hampshire.

The CHAIRMAN. With the exception of New Hampshire?

Mr. CROXTON. Yes, it does.

The CHAIRMAN. Are there any other important industrial States that are excluded?

Mr. CROXTON. New Jersey and Maryland. In part, Maryland is industrial, and it is excluded.

Senator WHEELER. Have you any figures on unemployment?

Mr. CROXTON. No, sir; I have not, Senator. I say I have not. I would like to modify that in a moment.

The CHAIRMAN. Now that I have asked you these questions, concerning the problem in general, I would like to have you proceed with this matter concerning the States or cities which have made application and with which, therefore, you are more familiar.

Mr. CROXTON. Now, I have not answered some of those questions you have asked me and you will please see that I answer them as I proceed.

You asked in your letter of invitation about the procedure in making money available. I will have to refer to these notes because I do not want to omit some of these things.

Here are three statements [exhibiting]. This one happens to be under E and those two [indicating] are under C.

This is our procedure: The governor makes application which is on that form there [indicating]. He provides supporting data. If the political subdivision has not had funds before he will show the estimated number of families and amount of money necessary, with the estimated resources from the local government, State fund and private sources. He will show the number of families receiving relief and expenditures for relief, with the sources of the funds for each month of 1932 and the whole of the year 1931, but not by months. He will make a statement of the emergency relief measures taken by the political subdivisions and by the State since January 1, 1931.

That material is furnished us and a hearing, altogether informal, is held in my office. The governor is sometimes present, but generally it is his representative. Sixteen governors have attended hearings or been in to see us concerning relief. The representatives of governors of the States which have been receiving funds have been in, except in the case of four States in the Far West. In those sections we have had to deal through our field representatives. Those States are Montana, Colorado, Idaho, and New Mexico.

After the hearing at which I think almost without exception—possibly there may be one or two exceptions—the amount is agreed upon with the finest understanding around our table. The statement of facts is agreed upon, and I then prepare the recommendations and resolutions for the board. We have made approximately 300 recommendations. They are reproduced and put into the hands of the directors, preferably the day before they are heard formally, and then I make the presentation to the Reconstruction Finance Corporation board. I am then the advocate for the States. Any State that cares to, may appear before the board, but only two States have wanted to appear before the board. The governor is notified of the amount granted and the Federal Reserve Board is notified to turn the money over.

Senator WHEELER. Have you had any complaint that they are not receiving adequate funds to take care of relief necessities?

Mr. CROXTON. I think I can say we have had none. I mean from the governors and their representatives.

Senator WHEELER. Now, when you figure out how much the State needs or the city needs, do you figure the amount or take into consideration the number of families or persons in that State that they have got to give the money to to help and then figure out the amount per family, or how do you go about it?

Mr. CROXTON. I will come up to that in the natural order, but if you want me to, I will give it to you now if you please.

Senator WHEELER. I wish you would give it to me now.

Mr. CROXTON. I have Wisconsin here. Wisconsin is one of the States that was in very early and they made application for funds in a certain amount. The total they asked was for a period of four months \$6,414,865, based upon the amount they believed each political subdivision they wanted included, would need. After going over it in conference they thought that certain of those counties were not well enough organized to know their needs or their resources, and so they did not want money for those counties at that time. In full agreement with them, therefore, a certain amount was not included, but instead of making recommendation for four months, it was made for two months, which was in full accord with their understanding; they also agreed fully with the amount for two months, which was \$3,000,000.

At the end of two months—I have picked out a well-organized State; no State is better organized than Wisconsin is and it has dared to venture into the social field too—at the end of two months they came back asking for \$1,962,283 for the next two months, which was granted in full. So, we granted for the four months \$4,962,283 instead of the \$6,414,283 they had originally asked for, and which was all they wanted based on their actual experience and after they went into the matter again.

They came back asking—and this was joined in by the governor elect as well as the present governor—for \$3,242,528 for January and February. The amount made available was \$3,242,487. The difference of \$41 was simply due to the correction of an error in addition.

Senator WHEELER. Now, what I wanted to get at was, do you have figures showing the number of people they have to take care of? For instance, in Montana, or any other State, do they present the number of people they are going to have to take care of?

Mr. CROXTON. Yes, their estimate.

Senator WHEELER. And do you figure out the amount which is given them per family or person?

Mr. CROXTON. Let me approach it in this way, if you will, because you will probably arrive at that figure when I present it. We never like to give that figure out because it varies greatly and makes local administration difficult as one family will need more and another less. One family, for instance, will have some resources. In Montana, in certain sections, they will have plenty of fuel and in others they will not have fuel. In other sections in Montana it is reported that practically the only need is for clothing.

So, the matters that are taken into consideration in arriving at the amount—they bring in the amount themselves—is what has been the basis of relief before; what is the basis of relief in near-by well-organized localities, and what will meet the need now. I may say this, Senator, that with one single exception we have never made a recommendation which has reduced the standard of relief given in any community where relief was on an organized basis. That single exception was in the city of Chicago, county of Cook, when the recommendation approved by the board was from September 24 to October 31, which was the amount they would have liked to have for 30 days but instead of that it became 37 days. It was necessary for them, in that period last fall, to reduce the amount of perishable food then that went to the family. With the next allowance, that was restored.

Chicago is on the highest relief basis in the area for which Federal funds have been made available, about \$35 per family.

Senator WHEELER. A family of how much?

Mr. CROXTON. That is a rough average.

Senator COSTIGAN. For how long a period?

Mr. CROXTON. That is per month.

Senator WHEELER. Would that be a family of four or five?

Mr. CROXTON. It is not on the basis of a family budget. It is nothing but a general average including families of varying size and varying needs. Many families would receive less and many more than the average, according to the judgment of the relief worker.

Senator COSTIGAN. An estimate of the average family made the other day is five, for relief work in Philadelphia.

Mr. CROXTON. That would vary in the different sections of the country and family needs would also vary.

In the counties which are not well organized—some parts of West Virginia, for instance, with which I am quite familiar—where they have never organized their relief, such relief as they have given is on a low scale.

Senator WHEELER. What is the average?

Mr. CROXTON. There is no such thing as an average common to all localities. I will go into that in a moment.

In all cases we have felt just as free—and I hope you will not condemn us too bitterly—to suggest an increase in the relief as to recommend a decrease. In one or two States, where they had heretofore a basis of relief around \$4 or \$5 per month, they wanted to give everybody \$25 when these funds became available. We could not scale that wall, but we were willing to recommend a very marked increase.

In every single locality that I know of which did not heretofore have well-organized relief work, the rate has been increased very decidedly over anything they have known. Increases have also been made in the large majority of well-organized localities.

The CHAIRMAN. As I understand it, the corporation has conceived it to be a part of its responsibility to see that in instances in which it considers the relief inadequate that it be increased.

Mr. CROXTON. Yes. Now, may I say this, that I do not think the two words "adequate relief" ever belong together. Relief can never be adequate. When you say that relief is adequate, you imply that that is a satisfactory standard of living; in other words, you would say that wages that would provide that standard are satisfactory.

Senator COSTIGAN. Nevertheless, you believe that relief is frequently inadequate?

Mr. CROXTON. Yes, sir.

Senator WHEELER. All inadequate, is it not?

Mr. CROXTON. Yes, sir. Nothing except good wages and regular employment can be said to be adequate for a family.

I was comparing this amount here [indicating] with the amount granted by Congress. We have been criticized occasionally for being too liberal in providing funds. The rate which is being considered for the District of Columbia in the bill before Congress is around seventeen to eighteen dollars per family. That has already been passed by the House. We have no city of this size in the country where, through Federal funds, we have afforded relief on any

basis as low as that. Your social workers here in Washington have not asked you for anything more than about 50 per cent above what you have allowed. I think some have appeared and asked for \$1,900,000 for the year 1933, and the emergency bill provides for \$625,000 for the first six months.

Senator WHEELER. Is that because they have raised money locally?

Mr. CROXTON. No, they indicate to you in their arguments before you it will be so much a family and that will figure out at a decided lower rate than we have made allowances for in any city of this size in the country.

Does that cover the so-called "adequacy"? We call it a basis.

Senator WHEELER. What I wanted to get at—

Mr. CROXTON. I want to give you the picture in any locality in the United States we have covered. We have every recommendation there [indicating]. We did not bring to this hearing the supporting data except for a few States. We have it here for three States and we will be glad to present such data to you either privately or otherwise.

Senator WHEELER. You do not have any general rule?

Mr. CROXTON. No. Take Ohio: In one county, with two industrial cities, in one city they wanted relief on the basis of \$8 a month and in the other city \$14, and for the county outside of the cities at the rate of \$21. We made the full amount of their request available, but advised them to go home and get together, and coordinate their work.

Senator WHEELER. Have you any figures to show what the cost of administering relief in these localities is?

Mr. CROXTON. I have some figures, but I hope you will not press that for this reason: We have always asked that requests for funds include costs of local administration and all requests have been made in that way. The administrative cost varies greatly, it may be 10 per cent in one locality and 3 per cent in another. I think that is a matter that ought to be left to the locality, and it ought not to be reduced to a common percentage.

For instance, Washington is asking in the emergency bill for 8 per cent, but if that should be successfully attacked the tendency would be to bring down the rate in other well-organized localities. A common percentage might also bring up the rate unreasonably in some other localities.

Senator WHEELER. What I was interested in was to see that it did not go for the relief of the people administering it rather than the people who needed it.

Mr. CROXTON. I think as long as we hold in mind the type of people the governors are sending in here representing them, you need not feel it is going to a few officeholders. Many of them are volunteers who are taking the brunt of criticism which comes with this type of emergency work, and the sadness of the whole thing, which is constantly before them, and that is all they are getting out of it, except the satisfaction which comes with service to one's fellow men.

Take a committee such as you have in Illinois, and you have not a finer committee in the country than those men, and yet they must patiently bear all sorts of criticism in an effort to relieve the people of the State and of Chicago and Cook County. About 90 per cent of the Federal money which goes to Illinois is for Cook County, including Chicago.

Senator HATFIELD. What percentage would go to administration?

Mr. CROXTON. In Cook County?

Senator HATFIELD. Yes.

Mr. CROXTON. I would have to look up for you those figures. I try to forget their percentage. I think that is their business and not ours.

Senator WHEELER. It would be your business if it were excessive.

Mr. CROXTON. Yes, if they were wasting money. I think the figure is around 9 per cent, but I hope the press will not use that figure. Chicago knows what it is. Downstate it is about 5 or 6 per cent. I hope the press will not use that figure either. The Illinois committee can give you the figures any time you want them. I think in most cities they are not using enough for administration. I suggested to representatives of cities in one or two instances, that it would be well to send a small committee to one of two other cities to find out how they were meeting the situation.

There came in not long ago a State with a rate that was just shamefully low. We told them that their basis of relief should, in our opinion, be higher. Then, within two days, came in another city. We allowed them all the money they asked for but we said, "You had better look carefully into your relief standard, which is very low."

Another city of 250,000 or 300,000 population came in and when I went over the figures I said, "Your figures are entirely too low as a basis of relief," and the mayor said, "We are entirely satisfied and are quite ready to go to any other city and show them how to operate on this basis."

As a matter of fact, they are not adequate on any standard you apply.

When one State made its first application I would not make any recommendation until I telegraphed to its representative to come up here and I told him the request was entirely too low. He held out for the lower figures, but when he came back the second time he said, "You are right; we could not operate on that basis."

Now, that is the sort of round-table conferences at which the amounts are arrived at.

The CHAIRMAN. In your judgment, has the circumstance that these States had to consider the fact that the advances under section C would be deducted from future highway funds affected their attitude toward the basis of relief?

Mr. CROXTON. I do not think so at all, Senator.

There is one thing I am sure Senator Pomerene overlooked for the moment, and that is that the provision of the present law with reference to reimbursement provides that the one-fifth annual deduction shall continue until the whole amount is paid. The one-fifth deduction, however, is based upon the smaller of the two amounts—Federal aid to highways or Federal aid for relief plus accrued interest.

Senator WHEELER. Will you please state that again?

Mr. CROXTON. The act provides for an annual deduction until the amount with interest at 3 per cent is repaid. The amount deducted is equal to one-fifth of the smaller sum—the amount for Federal-aid highways or the amount advanced for the relief needs of the State.

The CHAIRMAN. Do you know whether the requirement that the governors must certify the exhaustion of their resources has had a deterrent effect upon applications under the act?

Mr. CROXTON. Yes; of course deterrent as compared with an outright grant, but I do not think it has been a vital factor at all. I can not believe it has, because the governor is faced with the distress of the people of his own State.

I want to say that I have here a lot more information that you have requested.

The CHAIRMAN. We will be glad to have you proceed in your own way, if you desire, but we have asked these questions as we go along on the theory that it would bring the information out—

Mr. CROXTON. That is all right, Senator. There has been some criticism made that the funds have been available for only a short time. On the other hand, in most cases, the States prefer to have it for a short period.

The CHAIRMAN. What is the reason for that?

Mr. CROXTON. Here is the way it develops, Senator: When they first made the request, they really did not know what their needs were and it helped them to get their State organized better if they had it for only a short period. This work is new to many of the States. Then, too, they said, "We have campaigns for funds coming on and if the money is in our pockets apparently that will interfere tremendously with the campaigns."

Further, in some cases, such as St. Louis and other cities, they have said they were voting on bond issues and if this money were available it would interfere with the vote on the bonds this fall. It was the desire of many of the earlier States and localities for a short period to begin with. This procedure also enabled us to get a fair estimate of what the problem was.

Will you please note this also, that the States were making their money available to their political subdivisions, with only very few exceptions, monthly only. They wanted to be sure that our doors were not closed to them. I do not think any State in the Union with which we have had contact feels our doors are closed on unemployment needs.

Then, in January and February we faced the meeting of the legislatures in 40 States in regular session, and we believed under the terms of the act they should give careful consideration to what they can do. Some of the States can do nothing, but others can do something. How much they can do we do not know. So that accounts for the short periods of the advances.

In covering needs for January and February, Illinois only wanted funds for January for the reason that they can work harder with their legislature to meet that Cook County situation if they had funds only for one month.

In two or three of the wealthier counties in Minnesota they did not want the money for February. They believe all they need is enabling legislation to meet the situation. So that short periods have simply developed. As the work goes on, of course, it will be for longer periods, preferably quarterly, in my opinion, and based upon our experience to-day.

You can give an estimate for the whole country, in the rough, for the next year, but to estimate with any degree of accuracy is not possible.

The CHAIRMAN. There has been some testimony before the committee that the psychological effect has been very disastrous because the papers carry headlines that relief funds will be exhausted within a short period. Some witnesses connected with the administration of relief have testified that this has brought strings of anxious people to the relief stations, apprehensive that the funds would be cut off.

Have you given any consideration to that aspect?

Mr. CROXTON. Yes. I doubt if there is any State governor or State committee, with possibly one exception, who has that feeling. They make their allotments to the communities on a shorter period than we do in almost all cases.

The CHAIRMAN. Now, can you give the committee some of the figures concerning the territory that the corporation is familiar with due to the applications that have been made?

Mr. CROXTON. Now, as to the States which have made application, one State made application and later withdrew it because they can provide the funds themselves; however, we count that State as having no application before us. Twelve States have made no application. Alaska has made no application.

We have applications from 36 States and from 2 Territories—Puerto Rico and Hawaii. These cover 90,000,000 of the population. The sections of those States and two Territories for which funds have been asked, that is, the States colored red [indicating on map], include 52 per cent of the population of the United States and Territories.

The Reconstruction Finance Corporation funds available up to December 31—they do not all begin at one date, because one begins at one month and another at another, but there has been no delay in handling them—represent almost exactly 80 per cent of the total amount of money reported needed. The other 20 per cent came from local and State governmental funds, private contributions, Red Cross flour, etc.

The CHAIRMAN. That was in 1932?

Mr. CROXTON. Yes, sir. In these figures, we have reduced non-family persons to what may be termed a family unit, by dividing the number of such persons by three. The family units reported in need of relief in November in the area for which funds were made available were estimated to be 2,293,376. The actual number reported assisted in November was 1,833,893.

The CHAIRMAN. Families or persons?

Mr. CROXTON. Families, or family units.

The estimates for December are 2,377,725. That represents about one family in seven for the territory we cover in need of relief. We do not have the actual figures for December.

The answer to your question is, therefore, about one family in seven.

The CHAIRMAN. Can you give us more detailed information on the standards in these communities, or the basis, if you prefer that term?

Mr. CROXTON. Well, I do prefer that term. I can give you that information for local families according to the figures they furnished us. The January basis would be, in Cook County, including Chicago, approximately \$35 per month. Detroit would be \$30.85. Cuyahoga County, including Cleveland, \$23.90. Milwaukee city and county, \$27. Minneapolis, \$22. New Orleans, \$21. Hamilton County, including Cincinnati, \$22.40.

I think I will stop there. I can go into any State that you want. The figures given are simply averages. Some families receive more and some less.

The CHAIRMAN. Could you give us some smaller communities, to indicate if there is any great difference?

Mr. CROXTON. Yes; there is a difference.

Senator COSTIGAN. Can you give us the minimum and maximum?

Mr. CROXTON. I do not think I can give that, but in our recommendations we nearly always indicate the approximate number of families in need as reported by the Governor. In one State the estimates by political subdivisions were simply added by the governor's committee. This produced a total for the State which the representatives of the governor believed was entirely too high. It showed for that State that one-fourth of the families would be under relief. They felt that not more than one-sixth were in distress, and this their experience in December showed. Funds were made available on the basis of one family in six. The amounts to be made available for each subdivision will be later revised by the governor. In that case and similar ones we can not give you a figure for political subdivisions.

Taking another State: The figures they brought in showed the number of families in need of relief in each county. The figures originally submitted purported to show that 107 per cent of the families in one county were in need of relief. As you go over the figures, that is not the story at all, and yet you have before you 107 per cent of the families in the country in need of relief. They did not mean that at all.

The areas for which Federal funds have been made available expended approximately \$24,000,000 of such funds in December. That represents about four-fifths of the expenditures for relief reported in those areas. That means about \$30,000,000 would be spent for approximately 2,200,000 families. The number they actually aided will probably be less than the estimates; not that the need is not there, but it takes excellent local organization to reach all in need. So, the average for the whole area will be approximately \$14 per family.

In certain States they do not want more than \$7.50 for certain agricultural sections. They have no fuel or housing needs. Certain other sections ask enough to buy clothing; another section enough to buy fuel and others enough to buy food. There are no figures you can depend on unless you know all the circumstances. I am giving the figures covering the whole country.

Take certain other sections in the South where they divide the area of the State into agriculture, mining, and industrial sections. There is a different basis asked for each section, depending on the need.

Senator COSTIGAN. You stated even where the need exists, the relief does not reach it. Why not?

Mr. CROXTON. I am glad you asked that question. Here is the difficulty: People have suffered before. Every year there is a lot of suffering and even right in the locality they were so slow to appreciate the extent or the amount of suffering—I mean we can live with these needs without knowing the needs or resources.

For instance, I was in Washington 35 years ago and we were then talking about eliminating the alley houses. I have been away from Washington for 19 years but on my return find they are still talking about the elimination of the alley houses.

I was surprised the other day when a manufacturer from a New England city telegraphed, "I have 100 employees off the pay roll and 50 more on part time." He said, "I want to take care of them. Can't you give me some information about food, and so forth." We could, of course, have sent him some of the many Government pamphlets, but personal help is more effective. We learned from the Agriculture Department the name of the home-demonstration agent in that State and city. Then I called him on the phone and said, "Your desire to take care of your employees interests us. We do not want to send you pamphlets, but on the matter of food, we are told that Miss So-and-So heads up the home demonstration work in your city. She is right bear you. She would be the best adviser on food you could get." He said, "Certainly; she is one of my daughter's best friends. Why did I not think of it?" I said, "Do you want me to ask the Agriculture Department to have her call on you?" He said, "I certainly do not. I'll see her at once."

So, right at his door was the information he needed.

The fact of the matter is we are not conscious of what is going on right next to us, unless we determine to go out and investigate it—look into it for ourselves.

The CHAIRMAN. Have you made any efforts to ascertain, or has any information been brought to your attention concerning the problems in those States which have not made application under either of the two sections?

Mr. CROXTON. We sent copies of the law and advice as to procedure to all governors on August 2. The Governor of Maine has been down twice to see me and our field representative has been in there at his invitation. The representatives of New York State were down early to go over the matter. That was just a few days after the bill became a law. One of our field representatives has visited the Governor of California and the Governor of Wyoming.

The CHAIRMAN. You are not in possession of information which you could give to round out the estimates and other figures which you have given concerning the States which have made application?

Mr. CROXTON. No. Our letter of August 2, with blanks, and so forth, went to all governors and, I ought to add this, that certain States where we were well aware of the inability of the State to meet the situation, it took literally weeks in some of those cases to get the State aroused enough to go into the matter. But the governors, as soon as they do appreciate the situation, have been most cooperative in this work, without exception.

The CHAIRMAN. Have you any information as to why some of these 12 States have failed to apply?

Mr. CROXTON. I should have mentioned one other State—one other State where I personally called the governor on the long distance in order to bring to his attention the situation in two or three counties in his State. He said, "We are going to look after those counties. You need not worry at all." He said, "I will have my State committee in there to-morrow."

The CHAIRMAN. Have there not been some States which have felt they could not legally comply with the terms of the act as passed by Congress?

Mr. CROXTON. I think that that would be true.

The CHAIRMAN. There has been testimony indicating that the State of New York, for instance, may have difficulty in finding a means whereby they can legally apply for funds.

Mr. CROXTON. I think that is true. Of course we have never interpreted the law as requiring complete exhaustion of resources. You did not have that in mind when you enacted the legislation.

The CHAIRMAN. We understood, at least I did, that the difficulty in New York State is that the constitution provides that the State can not pledge its credit without a referendum at a general election, and that there are legal authorities in the State who contend that applications under either one of the two sections involves a pledging of the State's credit.

Mr. CROXTON. That is not involved as far as we are concerned. We raise no question of that kind. We can not raise any such question with subsection (d) in the act.

The CHAIRMAN. Have you endeavored to make any estimates as to probable needs for the year 1933?

Mr. CROXTON. May we first go to June 30? Beyond that it is quite a different story. We had made advances, in round numbers, of \$84,500,000 for use to December 31, 1932. Of course additional money had been made available before that date for use in January and February. In round numbers, \$84,500,000. Of that amount, payment of over \$6,000,000 was due and the governors had not drawn the money. There was also a balance on hand reported by the governors as of December 31 of almost \$5,500,000. There was a balance reported in every State except two, I think. Doubtless the balances were to some extent obligated.

Information furnished us for January and February indicates that somewhat less than \$80,000,000 will be required for those two months in the States and Territories heretofore included.

Unless additional States come in for considerable amounts, the \$300,000,000 will last until June 30. I am assuming that we will have no great change industrially, either up or down during that period. That amount will last until June 30 with possibly a balance of \$50,000,000 or less, unless additional States are included.

Senator COSTIGAN. Do you base your estimate on what you expect the States to do or on your expert judgment as to the relief needs of the country and available resources in the country with which to meet them?

Mr. CROXTON. I am sorry, but I, of course, have not been following the testimony before your committee, because I have been as busy as I could be attempting to relieve distress.

Senator COSTIGAN. I am not sure that you understood the question.

Mr. CROXTON. Make sure that I do as I make my answer. I think from the information made available by those who have had official contact with us that no person has gone hungry, if they made application for help. I think that will apply for the territory for which funds have been made available, if the individuals made application. However, there are people in those areas who are hungry.

Senator COSTIGAN. In other words, it is your judgment that the relief needs, at least to the extent of preventing hunger, can be met within the figures which you have given to Senator La Follette until July 1, unless something extraordinary and unforeseen occurs?

Mr. CROXTON. I think I can stand by that. I do not mean to say there is not suffering of the acutest kind.

Senator COSTIGAN. Please amplify that last statement. Where is the suffering and what is the nature of it?

Mr. CROXTON. I am thinking of a friend who is well qualified, as those in this room are, to do an expert piece of work and yet he and his two children, both of them being university graduates, have been out of work for a long time and through church channels we learn they are living on \$5 a week.

That man's insurance is gone; the payments on his home are back and their standard of living has materially changed. There is lots of suffering of that kind. Wage earners and salaried people who have never before known want are suffering acutely and have to completely change their standards of living. There is bodily suffering and there is also mental suffering.

The CHAIRMAN. What have you to say about the policy which prevails pretty generally all over the country, although there are exceptions, of requiring the family unit to be practically pauperized before any relief is provided?

Mr. CROXTON. I wonder if we want to go that far? Some one came to me the other day and said, "Can't you, under title 1, require the agencies to pay taxes on homes?"

Of course we could not require the agency to do it. That is for the governor in the locality to determine. They spoke about the small amount of delinquent taxes, in many cases, which forced the sale of homes. We replied: "Do not bring that in under relief; that is a business proposition."

If it is necessary for the Government to make money available for the payment of taxes, the best security in the world is the home, but as we go into it we discover, of course, that the hardest taskmaster after all, when we are in distress, is the Government. We may stand off the grocer and butcher and baker and landlord and yet the taxes we can not stand off.

Now, that ought to be met in some way or other, but not as a relief measure.

The CHAIRMAN. I understand, but I have the impression, as the result of the hearings held by this committee a little over a year ago, and of the evidence presented at the current hearings, that is a pretty general practice for agencies to require applicants to practically exhaust all of their resources before any relief is provided.

Now I assume from your answer that you question that general statement, but certainly you will admit that there are literally hundreds, if not thousands, of communities in this country where that is the rule. I am not implying by my question any criticism of the Reconstruction Finance Corporation.

Mr. CROXTON. I understand that, Senator.

The CHAIRMAN. I am asking for your judgment concerning the social effects of pauperizing hundreds of thousands, if not millions, before any relief is provided.

Mr. CROXTON. Terrible, Senator; there is nothing else to call it; that is all. But I would like to approach it from an employment standpoint rather than a relief standpoint.

The CHAIRMAN. However, all these people can get at this time is relief. In Chicago, for instance, the board has officially declared that no rents are to be paid except to safeguard the residence of the family for one month after they have been evicted from their last home.

What, in your judgment, is the social effect of relief provided on that basis?

Mr. CROXTON. Most demoralizing, but when you say the board has decreed I do not know what board you refer to.

The CHAIRMAN. I refer to the board in Cook County which is administering State and local funds and the money which they have obtained from the Federal Government.

Mr. CROXTON. You did not refer to the Reconstruction Finance Corporation Board?

The CHAIRMAN. No.

Mr. CROXTON. Because they have made no such ruling. As a matter of fact, rent is being paid in a much larger proportion of cases now than before. It is the policy of the relief organizations which determines that matter, and it is being carried through as the need develops. For instance, you have been accepting as a public responsibility, in your State, the payment of rent, and your basis is most interesting to me. I have had occasion to call it to the attention of several States. It is on the basis of reimbursement for taxes, for insurance, and a reasonable amount for depreciation. Your State has ventured more in social work on a state-wide basis than most States.

Senator COSTIGAN. Do you approve of that basis as a social worker?

Mr. CROXTON. It is so far beyond anything that social work has ever generally adopted. Rents have never heretofore been generally paid as a part of relief in most cases.

However, as you are aware, undoubtedly, the Jewish charitable organizations have been on a much broader basis than others.

Senator COSTIGAN. Am I correct in inferring from your testimony that your objective, as a representative of the Reconstruction Finance Corporation Board, has been to see that no hungry person shall go without food?

Mr. CROXTON. Quite beyond that.

Senator COSTIGAN. How much beyond?

Mr. CROXTON. As far as the community thinks it ought to go.

Senator COSTIGAN. You have included the payment of necessary rent?

Mr. CROXTON. According to their best judgment.

Senator COSTIGAN. If approved by the community?

Mr. CROXTON. We could not say that as a national matter, otherwise you would become a national landlord relief institution.

Senator COSTIGAN. Has it included necessary hospital treatment and medical care?

Mr. CROXTON. Only in emergency cases. We do not interpret this as a general welfare act, but as an emergency relief act. We have had very urgent appeals to take over the whole question of medical care to provide all those things one might like to do, but which can hardly be considered emergency relief matters.

Senator COSTIGAN. Is it your idea to meet the community standards?

Mr. CROXTON. Yes, sir, in the well organized communities. In the less organized communities, we go beyond standards heretofore developed in such localities.

The CHAIRMAN. Have you made any estimate as to how long the \$300,000,000 fund provided in the original act will last?

Mr. CROXTON. In my opinion there will be some balance on June 30. We have \$50,000,000 at this time. If additional States come in, of course we can not know at present what their load will be.

The CHAIRMAN. Have you any information or have you made any survey concerning the financial and fiscal situation of the various States?

Mr. CROXTON. We have made no survey. We have been leaving that wholly to the governors.

You asked for the remainder of 1933. I can not at this time give you any figure that is satisfactory. I think that in about five weeks we will be able to get an estimate, but the condition next winter will either be considerably improved or it will be very much worse. I am talking now not about relief conditions but general industrial and business conditions. There is always a lag in relief after industrial conditions improve; so, the probability is that next winter will be a very difficult winter.

The CHAIRMAN. Regardless of any change?

Mr. CROXTON. Yes, unless business improvement comes along with a great sweep. Of course some day we will be out of consumer goods, but no one can predict when substantial business improvement will come. The people have been wonderfully patient in all this distress.

Senator COSTIGAN. Has the board initiated any inquiries into unremedied needs with a view to relieving them, or has it been only in exceptional cases?

Mr. CROXTON. There are many cases where there was manifestly great need and we were quite active, through the field representatives, in getting them supplied.

Senator COSTIGAN. Are you still pursuing that policy?

Mr. CROXTON. Yes, sir; in a way. The field representatives have been in several States for which Federal funds have not been made available. In most instances these visits were upon invitation of the governor.

The CHAIRMAN. How many field representatives have you now?

Mr. CROXTON. Six.

The CHAIRMAN. Do they make any effort to check the situation in States which have received money, to ascertain the manner in which it is being administered?

Mr. CROXTON. Their principal duties are contacting the governor and his committee and endeavoring to get an organization set up, working with the governor, which will meet the situation, and then, with the governor's knowledge or the State committee's knowledge, they go into many localities to get a measure of the need of the effectiveness of the organization and assist the governor in any way in preparing his material. Do I answer your question entirely, Senator? They do not go through definitely checking the money to see whether the dollar is spent to good advantage.

Senator COSTIGAN. In the discharge of your duties, do you keep in close touch with noted social workers from all over the country?

Mr. CROXTON. For a number of weeks during the period when general policies were being developed, I had weekly meetings with representatives of certain of the national groups. The groups whose representatives met with us in these meetings included the Children's Bureau, American Red Cross, Family Welfare Association, Associa-

tion of Public Welfare Officials, and when work permitted, the Association of Community Chests and Councils. We have had the closest cooperation with the Government agencies—the Department of Labor through the Children's Bureau, the Women's Bureau, and so forth; the Agriculture Department through its home demonstration work and agricultural extension service; the United States Health Service. We have also had very helpful cooperation from the American Red Cross, the Family Welfare Association, the Association of Public Welfare Officials, the Association of Community Chests and Councils, the American Friends Service Committee, the Travelers Aid, and the Salvation Army.

Senator COSTIGAN. We have had some shocking testimony here as to unremedied relief needs from various parts of the country—from prominent social workers. You must know, in general, the conditions about which they have testified. I refer to such cities as Philadelphia, Chicago, and New York. Do you agree with, or are you in a position to pass upon, the testimony of these workers?

Mr. CROXTON. I do not believe that I am in a position, Senator, to pass on their testimony because they are there on the ground. Our work in Chicago is wholly through the State committee and there is not a stronger State committee in the Union than that State committee.

Senator COSTIGAN. You have no reason to dispute the soundness of their testimony as given to this committee?

Mr. CROXTON. I am not seeking to evade your question, but I went into a condition two years ago that I could hardly believe myself and I asked someone to go out with me and help check it up. I am convinced no two persons would reach the same conclusion in reviewing such distressing conditions as have grown out of the long-continued unemployment—no one can conceive of the distressed conditions. Money can not do it all. It requires money and organization. So, you might accept anything anyone might want to say. You simply can not entirely relieve distress.

Senator COSTIGAN. One witness testified in substance that the urgent relief needs in this country during the calendar year 1933 would probably exceed \$1,000,000,000 and that the Federal Government should bear at least one-half of that burden. As a trained social worker, have you any judgment on that subject?

Mr. CROXTON. I have only the experience gained from contact with the governors' committees. They do not indicate any such figures. But, of course, you know and I know that \$1,000,000,000 would not replace the loss in wages. What we need is jobs. The loss in wages and salaries in Ohio alone was seven or eight hundred million dollars. The standard of living was not too high, certainly, with full wages. Relief can not meet that deficiency.

Senator COSTIGAN. The members of this committee are in agreement with you on the necessity for work rather than relief in the long run. What we are discussing, however, is the necessity for immediate needs, and my questions have related to that.

Mr. CROXTON. Yes; I am sure they did. I have tried to give you the figures up to June 30. The figures are secured from the frankest possible conferences with the governors and their representatives as to the needs in their territory.

Senator COSTIGAN. Are you in favor of amendments to the Reconstruction Finance Corporation act?

Mr. CROXTON. As an emergency measure I am of the opinion that with sufficient money, of course, it meets the situation pretty well. You make a suggestion of administrative change in the bill. Of course, I am not the one to discuss that. I happen to be the one appointed by the board to assist in administering a very difficult task. One can not approach a task of this kind except with the utmost humility.

I do call your attention to the fact that you now have a bipartisan board of exactly the type of men that any welfare board would want to secure. They have shown a most sympathetic interest in and understanding of the work. The board is in session every day and the members of the board are available from early morning to late at night.

Now, the other point that you take up is the question of reimbursement versus outright grants. That is a matter of personal opinion largely as to which is the better way to proceed. I am of the opinion that the reimbursement plan meets the situation and probably will cause us less grief later when we try to get back to work again.

Then you provide for a 40 per cent distribution on the population basis. This, it seems to me, will send some money into every locality, regardless of whether there is need of relief.

Senator COSTIGAN. Do you know of any locality in which the need will not be equal to the amount allocated according to population?

Mr. CROXTON. What you have, Senator, for example, as we go over with the States the reported needs is this: They may come in with a county where 20 families in the county are in need, in a county with 12,000 population. Now, we are of the opinion that that county can still get along with that proportion of needy families and I do not think there has been any difference of opinion as far as the representatives of the governors are concerned, when they have such a small proportion of families in need.

Senator COSTIGAN. Of course, the segregations are made to States and not to counties and precincts.

Mr. CROXTON. No; but it would be very difficult—I think the governors would say that—to avoid a general distribution. Then, with a little computation, if our figures are a guide, you will see that not much of that \$200,000,000 would be made available to the States which have thus far received funds.

Senator COSTIGAN. In other words your criticism of the allocation rather falls to the ground because of the qualification on the allocation in the bill under discussion.

Mr. CROXTON. I did not mean it as a criticism. I take it we are trying to face these things in entire frankness. The bill provides that under certain conditions the 40 per cent would not be available, but I am afraid, knowing human nature in this respect pretty well from contact with it, that you will have started every locality on a relief program whether they need Federal funds or not and not just those localities that need it.

Senator COSTIGAN. The provision to which you refer is destined to stimulate local activities and local contributions. Would not you favor it on that basis?

Mr. CROXTON. The percentage basis?

Senator COSTIGAN. Yes.

Mr. CROXTON. I have not favored it in undertaking to discuss this before. The question came up in the early days of the board whether or not we should not engage in a matching scheme. It seemed better not to put it on a matching scheme because great States could easily match anything the Federal Government could do and those most in need could not do so.

Senator COSTIGAN. Of course, as the present bill stands, such funds as are not allocated according to population are passed over into the emergency fund and made available for relief.

Mr. CROXTON. That is quite true. That is true. The \$200,000,000 is not permanently out of the picture, but the difficulty is, it seems to me, it would start an agitation for Federal funds in every hamlet, regardless of what is needed.

Senator COSTIGAN. On the basis of contributions locally, whether through private charity or otherwise, that is true, but I assumed that you and other social workers regard that as highly desirable.

Mr. CROXTON. Yes, the stimulation of local effort, but not agitation for Federal funds unless actually needed.

The CHAIRMAN. Can you discuss in greater detail than Senator Pomerene did, the attempts you have made to induce the States and localities to greater efforts to meet this situation?

Mr. CROXTON. Yes, Senator; I will be glad to refer you to the recommendations which were made in connection with Illinois and also in connection with Pennsylvania, when Pennsylvania made its first application. We felt that possibly that State could do more than it had done, based on what other States had done and on its natural wealth, and the board indicated their views and at the special session of the legislature they did make something like \$12,000,000 available.

With Illinois, we felt that that State, with the heavy load of Cook County, might do more. They did, and called a special session of the legislature. They passed certain legislation which made it possible for a number of their counties to take care of themselves and also provided some assistance for all cities.

I wish you could catch the spirit with which these governors have worked. The recommendations which are made to the corporation are, almost without exception, made with the full approval of the representatives of the governors and they do not seek to be relieved of their responsibility, up to the reasonable limit of their resources.

The CHAIRMAN. Are there any other instances?

Mr. CROXTON. In Delaware we felt that there they were in unusually fortunate circumstances and the governor called a session of the legislature immediately following the general election, and the problem was worked out within the State. That State did file an application for funds, but it was withdrawn as soon as action was taken by the legislature, immediately following the general election.

Illinois and Pennsylvania are the two States taking the large proportion of the money.

The CHAIRMAN. Your table showing the funds made available as of January 7, and any other tables which you think would be of assistance to the committee, may be incorporated in the record at the conclusion of your testimony.

Senator COSTIGAN. Mr. Chairman, I am compelled to state that I must go, but I hope that Mr. Croxton will hold himself in readiness to appear again.

Mr. CROXTON. I shall be glad to appear at any time the committee desires my attendance.

(The following tables, presented by Mr. Croxton, are printed in full:)

Reconstruction Finance Corporation funds made available to 36 States and 2 Territories under Title I to close of business, January 7, 1933

State	To be reimbursed by—		Total
	State	Political subdivisions	
Alabama.....	\$1,478,807.00	-----	\$1,478,807.00
Arizona.....	847,700.00	-----	847,700.00
Arkansas.....	2,743,708.00	-----	2,743,708.00
Colorado.....	2,201,048.00	-----	2,201,048.00
Florida.....	2,698,153.00	-----	2,698,153.00
Georgia.....	496,084.22	-----	496,084.22
Idaho.....	631,095.00	-----	631,095.00
Illinois.....	25,723,228.00	\$6,770,000.00	32,493,228.00
Indiana.....	1,775,404.00	-----	1,775,404.00
Iowa.....	-----	87,800.00	87,800.00
Kansas.....	1,805,995.00	-----	1,805,995.00
Kentucky.....	2,563,151.00	-----	2,563,151.00
Louisiana.....	4,751,333.00	-----	4,751,333.00
Michigan.....	9,385,220.00	2,116,000.00	11,501,220.00
Minnesota.....	1,351,843.00	-----	1,351,843.00
Mississippi.....	2,239,425.00	-----	2,239,425.00
Missouri.....	1,158,118.00	-----	1,158,118.00
Montana.....	1,037,438.00	-----	1,037,438.00
Nevada.....	124,867.00	-----	124,867.00
New Hampshire.....	667,420.00	-----	667,420.00
New Mexico.....	90,800.00	-----	90,800.00
North Carolina.....	3,036,000.00	-----	3,036,000.00
North Dakota.....	-----	157,680.00	157,680.00
Ohio.....	6,175,929.00	3,807,801.00	9,983,730.00
Oklahoma.....	2,178,308.00	-----	2,178,308.00
Oregon.....	980,738.00	-----	980,738.00
Pennsylvania.....	26,705,446.00	-----	26,705,446.00
South Carolina.....	1,382,800.00	-----	1,382,800.00
South Dakota.....	1,393,995.00	-----	1,393,995.00
Tennessee.....	841,536.00	-----	841,536.00
Texas.....	4,135,134.00	-----	4,135,134.00
Utah.....	1,998,589.00	-----	1,998,589.00
Virginia.....	2,113,206.00	-----	2,113,206.00
Washington.....	553,700.00	1,268,000.00	1,821,700.00
West Virginia.....	4,747,561.00	-----	4,747,561.00
Wisconsin.....	8,304,770.00	-----	8,304,770.00
Hawaii.....	307,435.00	-----	307,435.00
Puerto Rico.....	360,000.00	-----	360,000.00
Total.....	129,445,984.22	14,207,281.00	143,653,265.22

ANALYSIS OF AUTHORIZATIONS AND DISBURSEMENTS

State	Amount authorized to date	Disbursements to date	Undisbursed balance, due January, February, and March	Overdue balance
Alabama.....	\$1,478,807.00	\$328,704.00	\$950,103.00	
Arizona.....	847,700.00	806,200.00	341,500.00	
Arkansas.....	2,743,708.00	1,319,168.00	712,270.00	\$712,270.00
Colorado.....	2,201,048.00	1,376,863.25	824,184.75	
Florida.....	2,668,153.00	1,841,125.00	827,028.00	
Georgia.....	486,084.22	471,084.22		15,000.00
Hawaii.....	307,435.00	307,435.00		
Idaho.....	631,065.00	300,000.00	248,321.25	82,773.75
Illinois.....	32,493,228.00	20,303,150.00	6,770,000.00	5,420,078.00
Indiana.....	1,775,404.00	1,078,224.30	444,709.00	252,470.70
Iowa.....	87,800.00			87,800.00
Kansas.....	1,805,995.00	1,149,840.00	437,437.00	218,718.00
Kentucky.....	2,563,151.00	861,400.00	1,691,058.00	10,693.00
Louisiana.....	4,751,333.00	3,387,884.00	1,363,449.00	
Michigan.....	11,501,230.00	6,444,263.00	5,021,937.00	35,000.00
Minnesota.....	1,351,843.00	74,770.10	698,467.00	580,605.90
Mississippi.....	2,739,425.00	892,300.00	1,847,125.00	
Missouri.....	1,158,118.00	1,052,830.89		105,287.11
Montana.....	1,037,438.00	640,163.00	397,275.00	
Nevada.....	124,867.00	95,117.00	29,750.00	
New Hampshire.....	667,420.00	667,420.00		
New Mexico.....	90,800.00	90,800.00		
North Carolina.....	3,036,000.00	1,386,000.00	1,650,000.00	
North Dakota.....	157,680.00	80,460.00	57,000.00	20,220.00
Ohio.....	9,983,730.00	7,874,753.00	1,734,977.00	374,000.00
Oklahoma.....	2,178,308.00	1,158,063.00	1,020,255.00	
Oregon.....	980,738.00	153,317.00	742,200.00	83,221.00
Pennsylvania.....	26,705,446.00	12,835,538.00	13,869,908.00	
Puerto Rico.....	360,000.00	360,000.00		
South Carolina.....	1,382,800.00	135,200.00	1,247,600.00	
South Dakota.....	1,393,995.00	720,695.00	1,247,300.00	
Tennessee.....	841,536.00	789,036.00	52,500.00	
Texas.....	4,135,134.00	4,135,133.00		1.00
Utah.....	1,998,589.00	1,136,089.00	646,875.00	215,625.00
Virginia.....	2,113,206.00	1,646,466.75	466,739.25	
Washington.....	1,821,700.00	1,425,000.00	345,775.00	50,925.00
West Virginia.....	4,747,561.00	2,780,273.25	1,967,287.75	
Wisconsin.....	8,304,770.00	4,962,283.00	3,342,487.00	
Total.....	143,653,265.22	84,969,058.76	50,419,518.00	8,264,688.46

RECAPITULATIONS OF DISBURSEMENTS

State	August	September	October	November	December	January	Grand total, subdivision C
Alabama.....		\$150,000.00	\$75,000.00	\$123,774.00	\$179,680.00		\$528,704.00
Arizona.....		125,000.00	25,000.00	125,000.00	425,000.00		\$700,000.00
Arkansas.....		150,000.00	300,000.00	370,000.00	307,745.00	\$274,728.25	\$1,319,168.00
Colorado.....		250,000.00	411,857.00	411,103.00	702,165.00	8,150.00	\$1,376,863.25
Florida.....			225,062.15	170,814.57	67,057.50		\$1,841,125.00
Georgia.....			153,717.00	176,859.00	76,859.00		\$471,084.22
Hawaii.....		150,000.00		150,000.00			\$307,435.00
Idaho.....		3,000,000.00	4,000,000.00	4,000,000.00	6,303,150.00		\$20,303,150.00
Illinois.....				291,100.00	372,328.00	414,596.30	\$1,078,224.30
Indiana.....							
Iowa.....							
Kansas.....			225,000.00	568,103.00	356,737.00		\$1,149,840.00
Kentucky.....			224,183.00	306,108.00	331,109.00		\$861,400.00
Louisiana.....			775,042.00	688,737.00	1,479,073.00		\$3,387,884.00
Michigan.....				9,000.00	467,300.00	5,821.20	\$471,770.10
Minnesota.....			17,556.50	305,139.80	291,311.67	438,812.92	\$802,300.00
Mississippi.....			126,666.00	158,205.00	147,867.00	132,425.00	\$1,652,830.89
Missouri.....		75,000.00	15,733.00	23,500.00	31,734.00	24,150.00	\$60,000.00
Montana.....				333,710.00	333,710.00		\$667,420.00
Nevada.....			90,800.00	407,500.00	571,000.00		\$1,069,300.00
New Hampshire.....			407,500.00				\$814,536.00
New Mexico.....				1,938,973.00	1,636,643.00	31,736.00	\$4,775,852.00
North Carolina.....			1,168,500.00	484,874.00	272,657.00	340,085.00	\$1,158,063.00
North Dakota.....			60,437.00	50,280.00	67,225.00		\$157,742.00
Oklahoma.....			37,812.00	5,462,265.00	1,531,090.00		\$7,391,157.00
Oregon.....		1,250,000.00	4,592,183.00	186,000.00	135,200.00		\$6,063,383.00
Pennsylvania.....				140,347.00	280,000.00		\$420,347.00
Puerto Rico.....			64,412.00	201,662.00	523,062.00		\$789,036.00
South Carolina.....			183,298.00	706,981.00	619,021.00	2,565,833.00	\$4,135,133.00
South Dakota.....			290,000.00	136,769.50	484,319.50		\$911,089.00
Tennessee.....			309,361.75	465,362.25	350,000.00	185,379.75	\$1,326,089.75
Texas.....			524,362.50	814,958.50	720,833.00	610,099.25	\$2,780,273.25
Utah.....			1,500,000.00		1,902,283.00		\$3,402,283.00
Virginia.....							
Washington.....							
West Virginia.....							
Wisconsin.....							
Total.....	3,105,299.00	7,643,699.75	16,383,231.90	20,005,441.62	26,007,008.82	5,002,016.67	78,746,697.76

RECAPITULATIONS OF DISBURSEMENTS

State	August	September	October	November	December	Grand total subdivision E	Grand total subdivisions C and E
SUBDIVISION E							
Alabama							\$528,704.00
Arizona							1,319,168.00
Arkansas							1,376,863.25
Colorado							1,841,125.00
Florida							471,084.22
Georgia							307,435.00
Hawaii							300,000.00
Idaho							20,375.00
Illinois							1,078,224.30
Iowa							1,140,840.00
Kansas							881,400.00
Kentucky							3,357,884.00
Louisiana							6,441,753.00
Michigan						\$1,968,000.00	
Minnesota		\$1,800,000.00					802,300.00
Mississippi							1,032,830.89
Missouri							640,163.00
Montana							95,117.00
Nevada							607,420.00
New Hampshire							1,386,000.00
New Jersey							1,386,000.00
New Mexico							80,400.00
North Carolina							7,874,753.00
North Dakota							1,158,053.00
Ohio							155,317.00
Oklahoma							535,588.00
Pennsylvania							135,200.00
Puerto Rico							730,695.00
South Carolina							789,036.00
South Dakota							4,135,133.00
Tennessee							1,136,080.00
Texas							1,425,000.00
Virginia							2,750,273.25
Washington							4,962,283.00
West Virginia							
Wisconsin							
Total	842,885.00	2,568,000.00	435,000.00	438,000.00	1,915,776.00	6,222,361.00	84,909,058.76

ANALYSIS OF UNDISBURSED BALANCE AS OF JANUARY 7, 1933, UNDER SECTION 1 OF TITLE I OF THE ACT

State	Undisbursed balance to date	Jan. 10, 1933	Jan. 12, 1933	Jan. 16-18, 1933	Jan. 20, 1933	Jan. 23, 1933	Feb. 1-3, 1933	Feb. 6, 1933	Feb. 10, 1933	Feb. 15-17, 1933	Mar. 1, 1933	Overdue payments
Alabama	\$950,108.00	\$237,525.75		\$237,525.75			\$237,525.75			\$237,525.75		
Arizona	341,500.00	170,750.00					170,750.00					\$712,270.00
Arkansas	1,424,840.00						274,728.25			274,728.25		
Colorado	824,184.75			274,728.25			274,728.25					
Florida	827,000.00			274,728.25			274,728.25					
Georgia	15,000.00											15,000.00
Hawaii												
Idaho	331,065.00			82,773.75			82,773.75					
Illinois	12,190,078.00			6,770,000.00								
Indiana	607,179.70						444,700.00					
Iowa	87,800.00											
Kansas	607,000.00											
Kentucky	1,701,751.00			218,715.00			218,715.00					
Louisiana	1,303,449.00			845,520.00								
Michigan	5,056,937.00	1,255,484.25					1,255,484.25					
Minnesota	1,277,072.00			530,500.00			530,500.00					
Mississippi	1,847,125.00	461,781.25		461,781.25			461,781.25					
Missouri	305,277.00											
Montana	30,275.00			132,425.00			132,425.00					
Nevada	20,750.00	5,600.00		24,150.00								
New Hampshire												
New Mexico	1,650,000.00	412,500.00					412,500.00					
North Carolina	77,220.00	28,500.00										
North Dakota	2,100,000.00	354,900.00					28,500.00					
Oklahoma	1,020,255.00			340,085.00			340,085.00					
Oregon	825,421.00	185,550.00										
Pennsylvania	13,869,908.00			3,467,477.00			3,467,477.00					
Puerto Rico	1,247,600.00	311,900.00										
South Carolina	673,300.00	356,650.00										
South Dakota	52,800.00	52,500.00										
Tennessee	32,800.00											
Texas	802,500.00			215,625.00			215,625.00					
Utah	466,739.25			155,579.75			155,579.75					
Virginia				50,925.00								
Washington	399,700.00											
West Virginia	1,967,287.75											
Wisconsin	3,342,487.00											
Total	98,684,206.46	3,429,241.25	4,002,002.50	16,754,389.00	1,255,484.25	681,723.00	10,508,735.75	681,723.00	336,650.00	11,891,944.25	166,962.00	8,264,688.46

The CHAIRMAN. Thank you very much, Mr. Croxton.

Mr. COWLES. Before the committee recesses, please permit me to state that in considering the application of any State the question has never been raised as to whether the funds might not last through the two years or even through one year.

The CHAIRMAN. The committee will stand in recess until 10 o'clock to-morrow morning.

(Whereupon, at 1 o'clock p. m., the committee took a recess until to-morrow, Tuesday, January 10, 1933, at 10 o'clock a. m.)

FEDERAL AID TO RELIEVE UNEMPLOYMENT

TUESDAY, JANUARY 10, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee reassembled, pursuant to the recess of Monday, at 10 o'clock a. m., in room 424, Senate Office Building.

Present: Senators La Follette (chairman) and Cutting.

The CHAIRMAN. The subcommittee will be in order.

STATEMENT OF THOMAS KENNEDY, SECRETARY-TREASURER UNITED MINE WORKERS OF AMERICA, HAZELTON, PA.

The CHAIRMAN. Mr. Kennedy, will you give your full name, address, and present position?

Mr. KENNEDY. Thomas Kennedy, Hazelton, Pa., secretary-treasurer of the United Mine Workers.

The CHAIRMAN. As secretary-treasurer of the United Mine Workers are you in a position to give this committee information concerning the unemployment problem in the mining industry and the relief afforded?

Mr. KENNEDY. I am; yes, sir.

The CHAIRMAN. Please proceed in your own way.

Mr. KENNEDY. Mr. Chairman, I have been advised that your committee is primarily interested in the submission of facts as a basis for formulating the requirements for Federal relief to the unemployed and the destitute. I shall not, therefore, even attempt to give you a word picture of the conditions which prevail in the coal mining areas of our country at the present time. They are, in truth, indescribable. If you have not seen these conditions with your own eyes, or visited these areas, you can have no adequate conception of the distress and human suffering which prevail.

The darkest places in the tragedy of unemployment which now hangs over America, are to be found in these coal-mining regions. This is especially true of the bituminous-mining States, for the reason that, as is well known, the soft-coal industry was in a diseased and disordered condition prior to the industrial and financial breakdown in 1929. It had been overdeveloped for many years and subjected to the law of the jungle so far as competition was concerned, with the mine workers as the residual sufferers from these conditions. The advent of the depression, therefore, intensified a condition which was already most grievous and deplorable.

The greatest service, therefore, which it has seemed to me I can be to the committee, will be to submit such facts to you which are

available, as to unemployment, destitution, and relief needs in the coal-mining areas. With this objective in mind I have collected, so far as possible and so far as the facts are available, information from the various coal-mining States and regions. These data, put into concise shape and summarized, show the following:

For the United States, as a whole, we estimate that there are about 310,000 coal miners unemployed at the present time. Of this total, 50,000 are from the anthracite mines of Pennsylvania, and the remainder from the bituminous fields.

In 1929, before the financial and industrial breakdown, approximately 100,000 bituminous mine workers had been displaced by technological improvements and the previous overexpansion of the industry. During the depression about 170,000 more have lost their jobs. Those that are now working are, in most places, on a part-time basis, frequently only one or two days a week. In 1931 the soft-coal industry, for the country as a whole, worked only 160 days. In 1932 it is estimated that days operated will be about 130. In total production for 1932 it is approximately 20 per cent less than last year. In June of this year total wage payments for the industry, according to official returns, were only 27 per cent of the average month of 1929; or, in other words, employees had lost three-quarters of their purchasing power as compared with the year 1929. In November last, of all nonmanufacturing groups in the United States, anthracite and bituminous coal mining (including day workers and tonnage men) showed the lowest average number of hours of employment, or only 28.9 and 29.9 hours per week, respectively.

Selecting some typical coal-mining States, I find in Indiana about 11,000 miners employed. The only relief being provided is free Government flour and such other relief as the commissaries, maintained by the United Mine Workers of America, are able to afford. One coal-mining locality reports that 300 children have been unable to go to school through lack of proper food, shoes, and clothing.

In Iowa we have about 5,000 miners unemployed. Our organization is spending about \$5,000 per month as relief. Free Government flour is being distributed, together with clothing, to the unemployed. It is estimated that it will require at least \$10,000,000 to provide meager relief to the unemployed in Iowa this winter, and our organization, along with others, has advocated a loan of at least this amount.

In Colorado our reports indicate about 70,000 persons unemployed, with about 45,000 families, aside from local relief work, affected, and the present relief inadequate. Application has been made to the Reconstruction Finance Corporation for \$800,000 per month for anticipated relief needs during January and February, 1933.

In Ohio 1,100,000 are reported unemployed—

The CHAIRMAN. Are those miners?

Mr. KENNEDY. No; these are the figures for the entire State.

The CHAIRMAN. The total number of the unemployed?

Mr. KENNEDY. Yes—of which 25,000 are mine workers. It is estimated that the relief needs for 1933 will require \$35,750,000. Of this amount it is planned to have the State raise \$12,000,000, and the smaller governmental subdivisions, \$11,750,000. No arrangement has

as yet been made to provide for the estimated minimum deficit of \$12,000,000.

In Illinois 50,000 miners are idle. There are about 40,000 working part time and, at that, dividing the part time. Our organization has provided some relief. Estimated needs for this State are approximately \$48,000,000. I am submitting, as Exhibit A, statement from Victor Olander, secretary of the Illinois State Federation of Labor, because it gives a very good description of the situation in that State and of the relief that will be needed to care for the situation.

The CHAIRMAN. It may be incorporated in the record at the conclusion of your remarks.

Mr. KENNEDY. The State of Montana has not appropriated any money for relief. There are 700 mine workers in this State. I might say that this is a very small district in our organization. Through the Reconstruction Finance Corporation funds, single men are given \$5 in food every 40 days; married men, regardless of size of family, \$10 every 40 days. The district organization of the United Mine Workers of America has spent \$40,000 during the past two years, and this does not include amounts spent by local unions and individuals. It is expected that there will be 1,000 unemployed mine workers by spring. Because of the high cost of fuel in the winter months, \$25 per month would not give the average family even the barest necessities of life, and could not include such items as shelter, heat, clothing, etc. It would take, therefore, at least \$25,000 per month to care for the idle mine workers of this State.

There are approximately 3,000 miners out of work in the State of Missouri, and they are in dire need of immediate relief. This number will increase, and provision must be made to take care of these men and their families.

Our representative reports that official figures show about 25,000 unemployed in Tennessee. A loan of \$780,036 has been received from the Reconstruction Finance Corporation. Relief needs in some of the counties of the State have been partly provided for, but provision for even total pressing needs at present is entirely inadequate.

Our representative in Kentucky wired on January 3 that there are at least 200,000 unemployed wage earners in Kentucky; there has been no appropriation for relief of unemployed by the State; the Reconstruction Finance Corporation has advanced funds to care for 50,000 families; and that fully one-third of the coal miners in Kentucky are in dire distress.

Thousands of men and women are working 10 hours per day and only averaging from \$5 to \$7 per week.

To care for the relief needs for winter and spring of the unemployed in Kentucky, he estimated that at least \$4,000,000 should be available.

In the State of Kansas, I am advised by our representatives in Crawford and Cherokee Counties, where most of the members of our organization are employed, practically all, with the exception of about 500 in the strip mines, are now out of work. In the deep mines, about 1,000 men are working two days a week and earning only \$2.50 per day. Three or four thousand unemployed miners

have no other source of income than \$2.80 per month which they receive for working one day for the State.

Altogether, according to the present reports, 100,000 persons are unemployed in Kansas. A loan of \$1,150,000 for relief by the Reconstruction Finance Corporation has been exhausted, and State representatives are in Washington now seeking more funds. It is estimated that between two and three million dollars should be at once made available to prevent acute suffering during the next three months.

In Pennsylvania it is estimated that close to 1,200,000 persons are unemployed. In the mining districts of Pennsylvania alone the total number of persons unemployed in the mining industry runs into the neighborhood of 125,000, with about 50,000 idle in the anthracite and the remainder in the bituminous industry.

According to the records of the Department of Public Welfare of the State of Pennsylvania, upon the advisory board of which I hold membership, the increase in the number of families receiving relief for the years 1931-32 was as follows:

December, 1931.....	165,000
May, 1932.....	235,233
December, 1932.....	397,279

For the year 1931 the State expended \$22,000,000 for direct relief and used the proceeds of a bond issue of \$25,000,000 for work relief. Up to the close of 1932 the State has only been able to borrow \$12,835,538 from the Reconstruction Finance Corporation. On January 5 the Reconstruction Finance Corporation announced a further loan of \$13,869,908 to assist relief needs for this month and February.

The needs for relief have been so great and the funds so inadequate that the State has only been able to extend relief in the form of food and has had nothing available for shoes, clothing, shelter, or fuel.

In this connection I wish to make the statement that Pennsylvania is receiving, in my judgment, very shabby treatment from the Reconstruction Finance Corporation, in that, first, the amounts granted have been entirely too small in comparison to the needs of the State of Pennsylvania; second, such small amounts as have been granted have been given grudgingly; and, third, the total pooled resources provided only for food and certain types of fuel. At least 1,000,000 people in the State of Pennsylvania are in need of shoes and both inner and outer clothing.

Our representative in Pittsburgh reports that while the United States Census of 1930 reveals that there are normally 537,000 gainfully employed workers in Allegheny County, information now in hand shows that about 35 per cent or 190,000 are totally unemployed at present. The 347,000 still employed are working approximately 39 man-hours compared to the basis of 100 man-hours in 1929, used as a standard. In other words, 35 per cent of all workers in this county are unemployed. The other 65 per cent are working 39 per cent of their normal working time.

Another picture reveals that pay rolls in the steel industry of western Pennsylvania are 28.4 per cent of the 1929 average. The

coal industry pay rolls of western Pennsylvania are 38 per cent of the 1929 average.

Although the unemployment and man-hours given above are for Allegheny County alone, they are indicative of conditions in all of western Pennsylvania.

In the Charleroi district, figures for Fayette County in the soft coal area show about 28,200 unemployed persons; 12,000 families being aided; 6,000 additional families receiving flour only. Funds received from the Reconstruction Finance Corporation and the State amounted to a total of \$60,000 for this county. All persons on food relief are required to work on streets or roads. Food orders being given out by the relief board to a family of five costs the county only \$1.97 per family per week. I am submitting as an exhibit a list of this food allowance and the menus based on it.

The CHAIRMAN. I would like to have you give that at this point.

Mr. KENNEDY. You wish me to read it?

The CHAIRMAN. Yes.

Mr. KENNEDY (reading):

Fayette County Emergency Relief Board; menu for family of 5 persons for one week: 2½ pounds sugar, 1 pound lard, 4 pounds beans, 4 cans milk, 3 pounds salt side, 15 pounds potatoes, 2 cans tomatoes, 3 pounds onions, 4 pounds cabbage, 1 pound coffee, 1 bag salt (every other week), 2 bars soap—1 toilet, 1 laundry; 2 cakes yeast, 1 pound oleo, 1 package molasses, 1 California ham, 3 pounds macaroni.

Then the menus are given for every day in the week based upon this allotment.

The CHAIRMAN. Please read one or two of those typical menus.

Mr. KENNEDY. Well, Saturday, for instance [reading]:

Breakfast: Corn meal (1 cup to 6 cups water); bread and coffee (3 tablespoons to 6 cups water).

Dinner: Potato. Fry a little salt side with a couple of onions. Brown onions well; add a couple of tablespoonsfuls of flour; brown flour; add water to make gravy. Potatoes and bread.

Supper: Rice (1 cup rice to 8 cups water). Fried oatmeal. (The oatmeal should be cooked the day before using, pour in pan, when cold cut in slices and fry in lard.) Coffee.

The Sunday menu provides:

Breakfast: Oatmeal (1½ to 4 cups water). Cook three to four hours. Bread and coffee.

Dinner: Cooked beans; add chopped onions. Baked potatoes, bread, and coffee.

Supper: Corn-meal mush (1 cup to 6 cups water). Bread and coffee.

The CHAIRMAN. Do you know how long families have been living on this semistarvation diet in that county?

Mr. KENNEDY. So far as I understand this has been in effect about eight months. I would say that that is practically a nonunion county.

The CHAIRMAN. I would like to have those menus printed in full in the record.

(The paper referred to is printed in full as follows:)

Fayette County Emergency Relief Board—Menu for family of five persons for one week

2½ pounds sugar.....	\$0.13
1 pound lard.....	.07
4 pounds beans.....	.09
4 cans milk.....	.20
3 pounds salt side.....	.20
15 pounds potatoes.....	.14
2 cans tomatoes.....	.10
3 pounds onions.....	.03
4 pounds cabbage.....	.04
1 pound coffee.....	.16
1 bag salt (every other week).....	.06
2 bars soap—1 toilet, 1 laundry.....	.05
2 cakes yeast.....	.03
1 pound oleo.....	.09
1 package molasses.....	.09
1 California ham.....	.35
3 pounds macaroni.....	.14
Total.....	1.97

FAYETTE COUNTY EMERGENCY RELIEF BOARD—MENU FOR EACH DAY IN THE WEEK

SUNDAY

Breakfast: Oatmeal (1½ cups to 4 cups water); cook 3 to 4 hours. Bread and coffee.

Dinner: Cooked beans; add chopped onions. Baked potatoes, bread, and coffee.

Supper: Corn meal mush (1 cup to 6 cups water). Bread and coffee.

The corn meal may be fried by cooking it the day before using; pour into pan; when cold, slice. This corn meal should stand overnight before frying.

If any corn meal or oatmeal is left from breakfast it may be fried or it may be warmed by adding water and heating.

MONDAY

Breakfast: Bread and coffee (3 tablespoonfuls coffee to 6 cups water or more).

Dinner: One-third of the amount of potatoes. Bean soup: Use 2 strips of salt side, 1 onion, 1 cup beans, water.

Supper: Two cups hominy cooked in 8 cups water, sprinkle with sugar, and add a little milk; or the hominy may be cooked in just salt water and eaten that way, or fried. Bread and coffee (3 tablespoonfuls coffee to 6 cups water or more).

TUESDAY

Breakfast: Oatmeal (1½ cups cooked in 5 cups salt water for 3 to 4 hours, or instant as directed). Bread and coffee (3 tablespoonfuls to 6 cups water or more).

Dinner: One-half amount of macaroni given. Cook in salt water with a little onion and salt side. Potatoes, bread, and coffee.

Supper: Corn meal mush (1 cup corn meal to 6 cups water). Sprinkle with sugar when eating. Bread and coffee (3 tablespoonfuls to 6 cups water or more).

WEDNESDAY

Breakfast: Corn meal (cook 1 cup in 6 cups water). Bread and coffee.

Dinner: Two cups cooked beans; sprinkle with chopped onions. Bread; roasted potatoes.

Supper: Tomato soup: 1 can tomatoes, 2 quarts or more water, 2 onions, 1 potato; thicken with flour. Bread and coffee.

THURSDAY

Breakfast: Oatmeal (1½ cups to 5 cups water; cook 3 to 4 hours, or instant as directed). Bread and coffee.

Dinner: Potatoes, sliced raw onions, and bread.

Supper: Two cups hominy cooked in 8 cups water, sprinkle with sugar and add a little milk, or it may be eaten cooked in salt water. Bread and coffee.

FRIDAY

Breakfast: Coffee (3 tablespoonfuls to 6 cups water). Bread and mush.

Dinner: Cabbage cooked with salt pork. Rice (1 cup; cook in 8 cups salt water). Bread.

Supper: Remainder of macaroni cooked in water; add little pork and onion. Bread and coffee.

SATURDAY

Breakfast: Corn meal (1 cup to 6 cups water). Bread and coffee (3 tablespoonfuls to 6 cups water).

Dinner: Potato; fry a little salt side with a couple of onions; brown onions well, add a couple of tablespoons flour, brown flour, add water to make gravy. Potatoes and bread.

Supper: Rice (1 cup to 8 cups water). Fried oatmeal; the oatmeal should be cooked the day before using, pour in pan, when cold cut in slices and fry in lard). Coffee.

Mr. KENNEDY. In the Scranton district, in the anthracite region, Lackawanna County has 16,028 unemployed miners; in all crafts, about 33,000. These figures are for the month of November, which was one of the best months in the mining industry. Relief is being provided by the State Talbot fund, and free flour through the Red Cross.

The CHAIRMAN. What is the State Talbot fund?

Mr. KENNEDY. The amount appropriated by the legislature.

The CHAIRMAN. That is a State fund?

Mr. KENNEDY. Yes.

In the Luzerne County section of the anthracite region approximately 12,000 miners are unemployed, and the relief requirements are being provided for by the pooled resources of the community, State and Federal finances, the average being about \$4 per family per week, with little provided for any relief outside of food.

In the area of district No. 7, of the United Mine Workers of America, or the Hazleton, Carbon, and part of the Schuylkill district in the anthracite field, 6,000 families are being given part relief through State or Federal aid, confined only to food at the present time. The average food order for a family is only \$4 per week.

In the district 9 section, including Schuylkill, Northumberland, Dauphin, and Columbia Counties, approximately 20,000 mine workers are unemployed, many of them for periods as long as three years. The relief needs in this section are very urgent, and the present amount of relief being afforded is totally inadequate and much suffering prevails as a result thereof.

I might say in reference to Pennsylvania that we had a legislative session in Harrisburg yesterday of the organized labor forces, and we estimated that the minimum relief needs for the next biennium in Pennsylvania would be \$100,000,000 from the State plus whatever amount they could get from the Federal Government. The governor, in his message to this session of the legislature—

The CHAIRMAN. This present session?

Mr. KENNEDY. Yes; recommends a minimum of \$20,000,000 for direct relief, which is totally inadequate. We estimate the needs to be at least \$100,000,000.

While the suffering among the mine workers of the soft-coal industry has been practically general in all sections, it has been particularly intensive in the nonunionized fields. As they have no one to speak for them, I bring this condition to your attention. The union has to some extent been able through its own efforts and resources to alleviate conditions in the areas over which it has jurisdiction, but in the nonunionized fields, which are more detached and without organization, there has been extremely great suffering.

Such are the deplorable conditions, conservatively stated, which prevail in the coal industry to-day. In this connection the committee should bear constantly in mind also that from the standpoint of unemployment and relief the problem presented by the coal industry is peculiar. Operations are conducted in isolated regions, as a rule, where coal mining is the only industry. They are separated from community chests and other social and relief agencies and from other opportunities for employment. In many cases, especially in the Southern States, coal operations in some areas have, during the depression, been closed down, but the population, having no resources for moving, have been forced to remain in poverty and without help. In the fall of 1931, when the United States Children's Bureau discovered starving children in some of these abandoned villages, as well as in other bituminous mining areas, they appealed to the American Friends Service Committee for help. The Quakers assumed the tremendous task of attempting to feed the starving and undernourished children, and until recently have been ministering to 39,000 starving children of unemployed miners in West Virginia, Kentucky, Illinois, Tennessee, Maryland, and Pennsylvania. They also provided milk for all little children and expectant mothers.

The coal relief section of the American Friends Service Committee has thus done quite effective work in 1 county in Maryland, 2 in Tennessee, 13 in Kentucky, 17 in West Virginia, 3 in Illinois, and 5 in Pennsylvania. Their work during 1931 and 1932 has been mainly centered upon the problem of child relief and furnishing adequate nourishment for children. For this purpose they have expended more than \$315,000 in the different counties enumerated and also an additional \$43,000 for adults' relief and some small amount of rehabilitation. I do not know specifically, but my information is that the funds of this most worthy organization have been exhausted, and their work has been entirely stopped or greatly curtailed. Speaking of the situation in the coal fields in their last annual report as of August 31, 1932, they expressed their conclusions from their own efforts and their own observations as follows:

The distress of the soft coal miners is desperate and grows progressively worse as their industry sinks further into economic chaos. This poses two distinct problems:

- (1) How to keep the miners from present starvation.
- (2) How to find other work for those surplus miners whom the declining industry can never again employ.

Although nothing comes above the claims of present suffering, the possibilities of future distress among unneeded miners is so grave that the two problems form one unavoidable reality. (Report of the Child Relief Work in the Bituminous Coal Fields by the American Friends' Service Committee, Sept. 1, 1931-Aug. 1, 1932, p. 8.)

The Federal Council of Churches also gave vigorous assistance in this work as well as carrying on independent relief programs of their own. The testimony of representatives of these church organizations, I suggest, would be of great value to your committee.

Since the hearings by the La Follette-Costigan committee a year ago, the Red Cross organization has also performed splendid service in certain coal-mining areas. Tons of clothing have been distributed as well as food, in some locations. Despite the wonderful services of the Friends, the Red Cross, our own organization, and of other local and public agencies, however, the relief needs have grown greater and more intense. In most areas now only food relief is available and even this at many places only on a most restricted basis. Utter despair and desperation are taking hold of the unemployed mine workers. Food and clothing are urgently needed. Local and State funds are unavailable. Federal relief loans have been inadequate. Indescribable malnutrition causing pellagra and other dreadful diseases will be the toll unless more milk is supplied to little children and to expectant and nursing mothers.

Two-thirds of the unemployment and suffering is located within the six leading coal-mining States, in detached and isolated regions, where there are no other industrial undertakings. The other third is distributed over Western and Southwestern States. About 3,000,000 persons are affected. Merchants are bankrupt or on the verge of bankruptcy; schools are closed or without funds; banks have suspended. Coal-mining counties and towns have been unable to collect taxes and have exhausted their credit. Conditions are as if a devastating blight has descended upon most soft-coal mining areas.

On the basis of my investigations, plus my personal knowledge of the situation in Pennsylvania, I say to this committee that the relief now being afforded is hopelessly inadequate, even in States where local, State, and Federal funds have been pooled in trying to meet the needs of the situation.

The United Mine Workers of America are in favor of Senate bill 5125, introduced December 8, 1932, by Senators Costigan and La Follette. We believe that the adoption of this proposed legislation will cut red tape, put relief matters on a more efficient basis, and that the ground work is laid for better and more efficient work between the Federal and State Governments, and that, as a result, more adequate relief will be provided for the victims of unemployment in this country.

The CHAIRMAN. This committee was told yesterday that in the areas which have received loans from the Reconstruction Finance Corporation, no person has gone hungry who has applied for relief. Would you say, from your experience, that that is true in Pennsylvania?

Mr. KENNEDY. I would not.

The CHAIRMAN. Would you agree with the statement given before the committee yesterday that in most localities the rate of relief per family has been increased over anything they have known?

Mr. KENNEDY. That is not true of Pennsylvania.

The CHAIRMAN. Take this Fayette County diet or menu which you submitted here for a week. Here is the menu for Thursday:

Breakfast: Oatmeal (1½ cups to 5 cups water, cook 3 to 4 hours, instead as directed).

Bread and coffee.

Dinner: Potatoes, sliced raw onions, bread.

Supper: Two cups hominy cooked in 8 cups water, sprinkle with sugar and add a little milk, or it may be eaten cooked in salt water.

Bread and coffee.

Would you say that that is a rate of relief per family higher than had ever before been known in Fayette County?

Mr. KENNEDY. That is absolutely untrue.

The CHAIRMAN. Do you believe that the time has come when the relief problem can no longer be met by loans or advances to be deducted out of highway funds as now provided by the emergency relief and construction act, or do you believe that it can be carried on on that basis?

Mr. KENNEDY. It can not be carried on much longer, Senator.

I was speaking to a representative of a relief organization in Pennsylvania recently, and he told me that, as regards people receiving a maximum of \$20 per month under the State fund for relief, the families were now showing up as having contracted scurvy and various other diseases through malnutrition and I know from the pooled fund that the maximum which is allowed is \$20 in Pennsylvania.

The CHAIRMAN. Can you describe in more detail what is occurring in these isolated mining communities where mine operation has been suspended?

Mr. KENNEDY. Well, I could best describe it by saying that it is just a sort of subdued rebellion. People are underfed and undernourished. They seem to have lost hope.

The CHAIRMAN. Is there any opportunity for the people to migrate out of those communities?

Mr. KENNEDY. Not very often, Senator. As a rule, for miles surrounding the mining sections we have nothing but abandoned mines. There are some few sections where they have a few silk mills, but that is practically all. There is no other industry.

The CHAIRMAN. Is it true that in those communities there are no local resources for relief?

Mr. KENNEDY. Absolutely no resources; in fact, the coal operators are almost as poor as the miners in some of the sections. As the result of their policy to try to operate nonunion and destroy the United Mine Workers, they have destroyed themselves.

The CHAIRMAN. What has been the effect upon the children of the miners in these communities?

Mr. KENNEDY. In some sections, even in an enlightened State such as Indiana, our people report that hundreds of children in the mining sections are unable to go to school through lack of clothing and proper food and that is more pronounced in the southern coal producing States and in the nonunion counties of Pennsylvania.

I do not know what effect it is going to have on the children. They will feel it 10 years from now as the result of this malnutrition and undernourishment.

The CHAIRMAN. I understood you to say that you have been acting in an official capacity in Pennsylvania in connection with unemployment relief.

Mr. KENNEDY. I am a member of the Pennsylvania Welfare Commission, and we get reports from practically every section of the State on the exact situation.

The CHAIRMAN. The committee was told yesterday that the State organizations preferred to have money given out by the Reconstruction Finance Corporation in amounts sufficient to carry them only for a month or two months. That is contrary to testimony received previously that this doling out of money for short periods of time demoralizes relief activities, prevents planning for the future, and works hardship upon those who are on relief, since they are constantly in fear of being cut off from the meager relief that is being provided.

Mr. KENNEDY. That is my understanding of the situation, and we have had a number of talks with the governor on that very subject, and that is his understanding. He has been over here several times and has been very critical of the work of the Reconstruction Finance Corporation in regard to Pennsylvania.

The CHAIRMAN. So far as you know, then, the officials in Pennsylvania are not enamored of the plan of doling out the relief for short periods, making it necessary to constantly readjust the relief plans in the States?

Mr. KENNEDY. They are not, so far as I know.

The CHAIRMAN. Have you any further comment you care to make?

Mr. KENNEDY. I have not at this time.

The CHAIRMAN. Thank you very much.

(The statement submitted by Mr. Kennedy is printed in full, as follows:)

ILLINOIS STATE FEDERATION OF LABOR,
Chicago, Ill., December 30, 1932.

Mr. THOMAS KENNEDY,
Secretary-Treasurer United Mine Workers of America,
Indianapolis, Ind.

DEAR BROTHER KENNEDY: I am submitting the following material and estimates concerning the future needs for relief in Illinois for your use in a statement which. I understand, you are scheduled to make in support of proposed Federal relief measures now pending in Congress. The material which is presented below, I believe to be dependable, and the estimates which are presented are believed to be conservative.

According to estimates prepared by the statistical department of the Illinois Emergency Relief Commission, based on the Federal censuses of unemployment and on the employment indices of the Bureau of Statistics and Research of the Department of Labor, State of Illinois, there were, in October, 1932, between 750,000 and 800,000 unemployed workers in Chicago alone; and between 1,300,000 and 1,400,000 unemployed in the State of Illinois. These workers made up half (approximately) the total gainful workers in the city of Chicago, and more than two-fifths of the total number of gainful workers in the State. Since employment has decreased somewhat since this estimate was prepared, it is probably safe to say that there are now over 800,000 unemployed in Chicago and over 1,400,000 unemployed in Illinois. The prospect is, of course, that the number of unemployed will be considerably greater before spring.

At the present date, outside assistance in providing relief has been required by 64 counties, in which resided, in 1930, 91 per cent of the population of the State. The number of families partly or wholly dependent upon relief from outside the county, in January, 1933, will be in excess of 250,000. Of these, it has been roughly estimated, 187,000 will be in Cook County, and almost entirely dependent on Federal relief funds. In addition, it is probable that more than

30,000 individuals must be cared for in Chicago shelters during the month of January. These have not been included in the above totals.

Probably more than 63,000 families in down-state counties will get some assistance in January through the Illinois Emergency Relief Commission. This is a considerably smaller number than have received assistance in down-state counties in recent months (82,000 in October) since a number of counties have been able to meet their January needs by use of their motor fuel tax funds, and by recently authorized bond issues as a result of legislation enacted by the special session of the legislature.

Since it appears probable that fewer than half of the families in Cook County, which are affected by the total unemployment of one or more of their members, are now receiving relief; and, since many of the families now living on savings, borrowed funds, etc., can be expected to exhaust such private resources as time goes on, it seems almost certain that there will be great increases in the number of families dependent on relief in the coming months.

The relief needs of the State of Illinois for the period January 1, to July 1, 1933, which can not be met from the customary sources, will probably amount to more than \$48,000,000. Of this amount, it is estimated that approximately \$42,000,000 will be required in Cook County, and somewhat more than \$6,000,000 in the down-state counties. These estimates have been based on the material submitted in the third interim report of the Illinois Emergency Relief Commission (p. 19) after making additions for rents amounting to \$5,000,000 for Cook County for the entire 6-month period, and \$800,000 for the down-state counties during the same period.

To meet these needs, the General Assembly of Illinois (the State legislature) has recently passed several acts which will yield very uncertain amounts of money. The various enactments of the fourth special session of the fifty-seventh general assembly will probably enable some of the down-state counties to meet their relief needs, unless constitutional, economic, or other factors prevent the successful operation of the intended measures. I believe the situation in this respect is extremely doubtful.

In Cook County, however, it is apparent that the legislation which has been enacted, even if it is all effective, will be very inadequate. House bill No. 51, as enacted, allows the issuing of \$17,000,000 of bonds, which apparently can not be sold except to the Reconstruction Finance Corporation. The Reconstruction Finance Corporation has already taken about \$6,000,000 of this bond issue. Under Senate bill No. 4, as enacted, it is improbable that the county will be able to issue relief bonds amounting to more than \$12,000,000; and it is also very uncertain that even this amount could be sold at a reasonable price through the customary commercial channels. House bill No. 24, as enacted, allows the imposition of a county sales tax, by which Cook County would probably raise for relief not more than \$4,000,000. This law, however, is regarded by county boards throughout the State as impracticable.

At present, leaders of the general assembly are urging the imposition of a State tax on retail sales to raise money for relief purposes. It is not yet known what tax will be imposed, and it is by no means certain that the suggested law will be passed. If a 2 per cent tax is placed on retail sales (other than sales of motor fuel), however, early enough to become effective on March 1, 1933, it is probable that the tax will yield, by July 1, 1933, not more than a gross amount of \$12,500,000. This is the estimate of statisticians connected with the State relief commission.

You are at liberty to make use of this letter as you may deem proper.

With every good wish, I remain,

Fraternally yours,

VICTOR A. OLANDER, *Secretary-Treasurer.*

STATEMENT OF WALTER WEST, EXECUTIVE SECRETARY AMERICAN ASSOCIATION OF SOCIAL WORKERS, NEW YORK CITY

The CHAIRMAN. Mr. West, will you give your full name and position to the reporter?

Mr. WEST. My name is Walter West. I am secretary of the American Association of Social Workers.

The CHAIRMAN. Will you give briefly your experience and training in this field?

Mr. WEST. My first experience in social work was in disaster relief for the Red Cross in 1919, and I became after that, the director of the disaster relief department of the northern division of the Red Cross, and then I took a position with the Council of Social Agencies and Community Chests in Minneapolis. Then I became secretary of the Family Welfare Society, of Columbus, Ohio, and then I went on the staff of the Family Welfare Association of America, and since 1927 I have been in my present position.

The CHAIRMAN. Will you state briefly what the American Association of Social Workers is?

Mr. WEST. It is an organization of about 6,000 of the social workers who are employed by public and private agencies throughout the country. Its purpose is to improve the quality of work of the social workers, to secure a better training for those that are in positions and better-trained workers, and try to make their work more effective and generally more useful to their communities.

We require certain educational and experience qualifications for membership in our association, thereby setting up the only real definition of competence, you might say, for the trained workers in that field.

The CHAIRMAN. You testified before this committee some 13 months ago when we had legislation of a similar character under consideration. The committee would be grateful to you, Mr. West, if you would present to the committee, in your own way, information of a similar character to that which you gave us previously, and any additional information which you feel would be helpful to the committee in the consideration of the general subject of unemployment relief.

Mr. WEST. Thank you, Senator. I might say one more word about social workers, and that is, while they occupy very many different kinds of jobs throughout the country, I do not suppose there is any other occupational group or any other group of people that you could get together in any one association which has been so close to the problems and the tragedies of the unemployed people of this country in the last few years.

The CHAIRMAN. To put it in another way, they have been in the front line trenches in the losing battle against destitution in the United States?

Mr. WEST. That is quite so. Sometime, Senator, I wish that it were possible for many of the other persons in positions of responsibility to have to deal directly with the particular family and individual problems that come to the social workers. At a little later time this morning I would like to mention the difficulties we have in making estimates and getting adequate estimates, but at this time I think I would like to say that I believe that one of the reasons why the provision for the needs of the unemployed has been so hopelessly inadequate during the last two years has been the inability of the human mind to conceive suffering in quantity.

You hardly conceive of any more suffering when you think of a thousand people than you do when you think of one person suffering;

less perhaps, because you can not think of suffering as anything but a personal matter.

The CHAIRMAN. It is somewhat akin to the casualty lists during the war, is it not?

Mr. WEST. Yes; I think if it were possible to get a total of the disasters that are happening to the clients of the groups of social workers during any one day of this depression—if you could add up the sense of defeat, the sense of failure, the actual physical separations of families and the actual hunger of people who are not adequately fed and all the psychological results of what is happening to them—if you could only add those up in some way, it would be as effective as if you could add up the death agonies, and make any one person feel those death agonies of all the people killed in a battle on any one day. It is a terrific effect—this effect of defeat and failure and sense of incapacity to go on with the responsibilities that have been imposed on them, those responsibilities being so frequently in the tangible form of a family that they can not do anything for, day after day. No one consciousness can appreciate these things in terms of these millions of families that we have to talk about.

I believe that the social workers are generally in more of a protesting mood for the reason they are so close to this.

I have been listening to this testimony, Senator, and at the possible cost of some repetition, I would like to pick out a few of the things which, it seems to me, outline this picture and need very much to have all the emphasis that can be given them.

The CHAIRMAN. We will be glad to have you do that.

Mr. WEST. In the first place, it seems to me this problem is unbelievably huge and acute. We could not have imagined this situation if it had not come on us unawares and without our realizing how fast it was growing and without our realizing how severely it was affecting the population of the United States.

There are not reliable estimates, unfortunately, concerning the number of the unemployed in this country. We have no system by which we can determine the fluctuations in employment and unemployment. The same thing is true with respect to relief.

But it is possible to make some estimates, I believe, and my estimates would be supported by those of some of your previous witnesses. My estimate would be that we are to-day attempting to meet the needs of approximately three to three and one-half million families in the United States. I would like to say a little more about that later with respect to those whom we probably ought to be aiding but are not.

It is possible to estimate that in these families there are probably between 12,000,000 and 15,000,000 people.

I understood Mr. Croxton, of the Reconstruction Finance Corporation, to say that in November, according to their estimates, one-seventh of what he called family units in the areas in which they are operating—the red areas on his map—or a total of 2,293,376 families were in need in the month of November, 1932. I also understood him to say that in November 1,833,893 such family units were helped. The difference amounts to 459,483 family units which were reported as in need in November but were receiving no help.

Those figures come fairly close to the general estimates of social workers, so that we may take them as a background of what we have to deal with this year.

I think it is very important for us to understand, too, that the needs of these people are going continually to increase.

The CHAIRMAN. Just what do you mean by that, Mr. West?

Mr. WEST. I mean the longer this depression lasts the more the needs of the unemployed are going to be—the greater they are going to be, and I think there are two general points which can be cited in that connection.

The first is that the total number of families needing relief is nowhere near the generally accepted estimate of the unemployed. A person does not get relief in our country when he becomes unemployed. There are no benefits for which he can apply. He uses his own resources—and by resources I mean those which are tangible, such as bank accounts, if he has any—and he then uses his intangible resources; that is, his credit and the kindness of his neighbors, landlord, grocer, and various other people with whom he has to deal, and he crowds up with his relatives, a source of a very great many serious behavior and psychological problems, by the way. In many other ways he postpones for a long time the interval between the time when his income stops and the time when he becomes an applicant for relief. It is not as long as it might be, because of the fact that there are a great many people who are now on the relief lists whose incomes were very small before this depression and whose resources were, therefore, not very plentiful. As their own resources are used up, relief becomes necessary.

Of course, when the applicant first comes for relief, he may still have some resources. Relief is usually somewhat supplemental to other resources. It is not always supplemental in each instance, but always supplemental at some stages. Gradually, however, it must become more complete, as the individual's remaining resources are used up.

The CHAIRMAN. I suppose you mean, for instance, that they have some clothing left when they come to the relief agency?

Mr. WEST. Exactly.

The CHAIRMAN. But as time goes on that clothing wears out, the shoes wear out, and the family then is in need of clothing, but apparently very little of it is being supplied, if we take Miss Abbott's figures, for instance, showing the percentage of relief in Cook County that is going for clothing and for shoes—95 per cent of it, as I remember, is going for food.

Mr. WEST. I think your analysis is correct and there are many other ways in which those increasing needs are felt. A person may still have some credit with the landlord or may be able to impose on the landlord somewhat longer, so that his rent problem is not immediate. He may have to come for food, but not at first for the other things that he may need soon afterwards.

But as I would like to show a little later, the amounts on which we are asking people to live now can not provide the absolutely unescapable essentials of family life, or of individual life, and for that reason the amounts are bound to increase as we continue this experiment. Somebody called it here a great biological experiment. It is

also a psychological experiment, and a social experiment. It is an experiment that we had better watch with very great concern. We may get to a point where a great many of our people will be too hungry to protest and will have arrived at a point at which the best they can do is sit on a curbstone under the "L" and try to forget.

I would like to point out a few ways in which this country has been unprepared for this immense relief problem, which have a bearing on your measure.

The figures and studies of relief and relief operations which were started some years ago by the Russell Sage Foundation and which have been taken over by the Children's Bureau are among the most important advances that we have made with respect to the relief problem. They throw almost the only authentic light that we have on the problem as a whole.

But, of course, those figures represent the reports from only a comparatively few centers, mostly urban centers, where relief operations were stabilized and well organized, though they have been of tremendous value.

Apart from that, however, practically nothing has been known about the relief problem. One of the worst features of it is that the rural areas and the small cities, where these programs were not well organized, have had no voice lifted in their behalf at all. That left out of consideration a very large part of the whole relief problem until it became extremely serious. Relief has just started in some parts of the country—another reason why the known needs during the coming year will increase.

Though we talk about State obligations, until a year ago practically no State in these United States had ever carried on state-wide relief operations. The exceptions that I know of are cases of disasters when certain areas were affected and operations were carried on, but frequently those were carried out not by State official agencies properly organized and ready to function in a situation like this, but by outside agencies like the Red Cross.

The CHAIRMAN. And which were temporary in character?

Mr. WEST. Yes, sir; and then dissolved when it was over. So, we are dealing with a problem of this vastness and this intensity—and this delicateness, because it involves all the human feelings of millions of people—without any understanding of what the problem really is.

Even in our big cities all our relief programs were gauged to an entirely different problem. When we talked about relief prior to 1929 and of relief agencies we were talking about agencies which were giving relief as a part of a program of, we used to say, rehabilitation of families that had been sufferers from social maladjustments. We did not know about great mass-feeding programs at all or great mass health programs. We were not talking about that when we talked about relief, and except that the actual operation of giving relief involves many of the same requirements and involves the knowledge that is acquired by people who handle relief, they are hardly related—those two types of operations—because from the point of view of budgets, of estimates of the extent and amounts of money involved, they are very different.

We had had some disaster relief experience which we applied and that we are applying now, unfortunately. Our disaster programs were proper following a tornado, or fire, or flood. We had learned to bring in supplies and hand them out, register the afflicted and the persons who had been dispossessed, and we have been able to apply those systems quite adequately in particular local places. But those systems of relief are not the kind to meet the needs of families which have to be relieved month after month and year after year.

We have made it necessary for those families to live on inadequate food allowances on which they might be able to live reasonably well for a week or two, but without the variety that is absolutely necessary in a year's or a month's diet. We have left them every month with uncertainty and a fear of being dispossessed. We have given little clothing, although we always provide clothing in disasters. We do not provide clothing or medical care through a central relief agency, although we give it in disasters. We are cutting off lights and giving inadequate heat. Our relief programs are not even as adequate now as in any disaster relief program of which I know.

The CHAIRMAN. Is that true or not true concerning the standards which prevailed when the relief agencies were dealing primarily with the maladjusted and ne'er-do-well? In other words, have those standards likewise been reduced?

Mr. WEST. I might say that a good many of those operations have had to cease for the reason that in most of the communities the agencies which had been dealing with those problems were the only ones which could be stretched out and spread over to take care of the new problems. In many cases their own operations have ceased, but as to the difference of standards—

The CHAIRMAN. That is what I mean.

Mr. WEST. We do not even approach the standards of care which were being provided to maladjusted families before the depression.

The CHAIRMAN. In other words, is it a fair statement to say that the relief standards for American families which heretofore have been self-supporting and independent are below those which were customary and accepted for the care of the maladjusted or the ne'er-do-well prior to this economic breakdown?

Mr. WEST. I would say, without qualification, that our standards are nowhere near as adequate as they were at the time you mentioned.

We must bear in mind that when these agencies were so dealing with the maladjusted—Senator, that is a very poor word, but I do not want to quibble about our interpretation.

They were not all unworthy families or bad families. All had possibilities. The point was that they were affected by one or another social disaster and there were both strengths and weaknesses in all those families. We had hopes of being able to work with them and sometimes, in connection with whatever program we had, we had to give relief. But those families were encouraged to work and earn, and usually had some income. What we did was to contribute toward a budget which was worked out between the society and the family with an understanding of how it was going to operate in the attempt to get over the family's affliction and those budgets were always under pressure, because you never were able to get all the relief that you needed or felt was wanted. Even so those budgets

would run as high as \$80, \$90, \$100, or \$120 per month in particular situations, in very large families and where special needs were required.

The CHAIRMAN. The comparison between the relief standards provided for a family, let us say, in 1928 or 1929—a maladjusted family—when the agency was attempting a rehabilitation of the family, and the standards being provided for millions of persons thrown out of work through no fault of their own, seems to me to be this: In the former instance, what was attempted was a rehabilitation of that family and a preparation for it to resume its independent place in society. The budget provided at that time for such a family has been substantially reduced, and that to-day millions of persons in the United States are being given relief on a basis drastically lower than that which was considered necessary if a family was to be given an opportunity to rehabilitate itself and find its place as independent unit.

Mr. WEST. Exactly.

The CHAIRMAN. In looking into the future effect of these inadequate standards is it not important to make an attempt to consider the disastrous consequences which may occur as the result of putting ten or fifteen million people on a basis for a period of several years which would have been considered woefully inadequate for families in 1929 or 1928?

Mr. WEST. It certainly would, and if there is anything that we can do to show what those consequences are we should certainly attempt to do it.

There again you get into the difficulty of adding up the things that are happening to the people, but we may simply say that in health, in behavior, in every element of stable and good citizenship we are losing and building up for ourselves untold trouble for the future by the methods we are using now.

I could give you just a few figures, Senator, that will illustrate somewhat the difference between this old budget plan of relief and what we are doing now. I have before me one of the Russell Sage Foundation monthly tabulations for the month of October, 1930.

I would like to say, of course, there had been an awful stretch on the relief operations by that time, but even so the per capita—that is, the per family—allowance cases received such amounts during that month as these:

New York Association for Improving the Condition of the Poor, \$45.13.

The CHAIRMAN. Per month?

Mr. WEST. Yes. That is the per family relief. That was all contributory, you understand. They did not give on a budget of \$45, but that was the amount put into the family in addition to what the family had or earned or was able to get some way to meet its own needs. I read down the list of all these other agencies—\$53, \$56, \$54, \$27, \$36, \$43, \$55, \$61, and so forth.

The difference in these amounts is not altogether a difference in standards. It is partly that some of these agencies had compartmental jobs, and contributed in different ways, perhaps, to the general family relief programs.

Here is another illustration: In the month of November, 1932, for which I have just been handed some of the Children Bureau's average figures for that month, I find that relief to the unemployment families generally has risen in November over October per family, and the total amount is \$20.57 per family.

Now, that is an increase over the previous month of \$2.07. In October it was \$18.50, as testified previously by Miss Winslow. You can contrast that with these figures I gave you of the supplemental relief of the allowance cases two years prior to that. Also bear in mind that this relief is expected to cover much more completely the needs of the family than relief did in 1930.

The mothers' pension or mothers' aid figure for the month of November is \$43.79 per family. These mothers' pensions are being given on the same basis as that old relief; that is the Government had undertaken to assume the responsibility for keeping the fatherless family on a living budget and the average there, in addition to whatever those families have or earn, at the present time is \$43.79 per month.

The CHAIRMAN. These figures do not seem to bear out Mr. Croxton's statement yesterday that in most organized localities the rate—that is, the rate of relief per family—has been increased decidedly.

Mr. WEST. I thought he misspoke himself, Senator. I can not understand what he meant. It is quite the contrary.

Let me add one more comparison there. We have, as you know, in the last few years adopted State programs for old-age pensions. These have been adopted on the theory that this is a governmental obligation rather than despised relief. We find that for the month of November the old-age pension average is \$25.97, and that is for a single person in most every case. Compare that with the figure of \$20.57, the unemployment relief average for a whole family, whatever its size. In many cases the limit is, as you know, set at \$3, \$4, and \$5 a week and sometimes less. As Mr. Lurie reported, we have a State in the Southeast where the regular scale of relief is \$5 per month. That is \$60 a year.

We used to have a theory in this country that the standards of living should be high. We were trying to push them up and we were boasting of them. It seems to me now that what we are trying to do is to see how low we can set standards on which people can exist, and again I would like to say that I do not think we have any idea what the costs are that we will have to pay for this social experiment.

I would like to refer, without going much further than that, to one other point which has been very difficult in this situation—the fear of relief. It is traditional in this country. We have been guided by the fear that some people might be encouraged to lean too heavily on the public or on some agency if they get relief. To avoid that we have rather blindly put millions of people through terrible experiences, apparently as the result of that fear, because we have not been willing to grant relief adequately.

The CHAIRMAN. Do you mean in the rather general policy of forcing a family to sacrifice its tangible and intangible resources before it is eligible for relief?

Mr. WEST. Exactly.

The CHAIRMAN. To my mind, that is one of the most harrowing psychological aspects of the whole situation—that millions of families have been forced, month by month, through a slow process of attrition, to see their entire savings, their other resources, and the standards of living of the family worn away, until finally they are stripped of everything. In the meantime they have had to humiliate themselves by beating the butcher, the baker, and the landlord. Finally after they have gone through this harrowing psychological experience, they then become eligible to come to a public or private agency and receive a woefully and disgracefully low amount of food relief.

Mr. WEST. That is exactly what I did refer to and I think that is perhaps the most demoralizing aspect of our whole social situation to-day as it envelops the country.

The CHAIRMAN. And, taking your long experience as a social worker, have not great and long-time problems of rehabilitation been created by this process in these millions of families?

Mr. WEST. There certainly have been, and they are the complicated kind of problems which it costs tremendously to try to deal with afterwards and which, if not dealt with, bring very serious results in future years in institutional care of broken families and, in another direction, in penal-institution care for all the behavior problems developed in adults and children caught in this situation.

You are going to pay another cost which you and I can not calculate, in the loss in the capacity and will to work that is going to result, not from their being pauperized in the sense of having gotten relief, but from having gone through this long process of having every hope, every faith that they had, and every opportunity in life crushed out of them.

The CHAIRMAN. So, in other words, in measuring the problem that confronts us, we not only have to take into consideration the lag which will inevitably occur between an improvement in business conditions—which I am not predicting—and the burden of relief, but we have also to take into view the long-time problem created because of the methods that are being employed in the United States in providing relief?

Mr. WEST. Exactly. I want to point out one more thing that is important with respect to our relief program. We have had a multiplicity of agencies. With all due respect to my colleagues and to the fine people who have supported social work, we have no organization adequate to deal with this sort of thing. The reason is that we had developed a compartmental system of dealing with relief. What happens is that a person has to stand in one line for work relief and register again whenever a new experiment in work relief is tried. Then he has to stand in another line to get his home relief. That means his food order, or in some cases, he has to go to a commissary and carry home a basket. Then he has to go somewhere else to try to get some clothing. Many times the schools provide shoes, so an application has to be made there for shoes. He has to apply somewhere else again for another need. And in all this time, of course, he has no cash for the minor, but really essential, needs of existence month after month.

Now, if there is anything that will ever make people beggars and make them learn to lean on others, it is this shopping around, this having to find out the quickest and best and most expeditious way to get relief from all these different lines and all these different offices.

What I would like to inject here, Senator, is a thing that I understand is perhaps not a very popular idea, but I would like to point out that some day this country is also going to have to face the necessity of the administrative cost of a relief program. If you do not learn it to start with, you will learn it later.

Some confusion on this question of administration arises because we lump everything under the term "administration." Now, we do not call a doctor or a nurse administration; we do not call a teacher administration. There is administration, of course, in social-work operation, but all of that is not administration. Much of it is really a service function, just as a doctor's function is service and a nurse's service is a service, a teacher, and so forth. Many of them are functional services and not administrative.

I am not here, I hope you will realize, to get any jobs for the members of my association. They are employed and they are busy, but it is just as foolish, it seems to me, to attempt to escape the necessity for these costs in the total bill as it is to postpone the much greater cost of social care until the future. It is foolish not to take the experience of those people who have already been familiar with this type of operation.

As I said before, I think that the great difficulty is not that this country is not kind-hearted. I think it is because most people are not close enough to this whole problem of relief and the tragic consequences of unemployment and suffering and want and depleted resources that are affecting practically all of the unemployed and affecting a very large part of them to the extent they have come to the relief lists.

The CHAIRMAN. Do you agree with the statement yesterday by Mr. Croxton that no persons have gone hungry, if they made application, in the 36 States covered by Reconstruction Finance Corporation loans?

Mr. WEST. Oh, no. Our study, on which Mr. Lurie reported here a week ago, gave reports from a number of cities indicating that not all of those who had applied even were being taken care of. As I understood then, Mr. Croxton's own figures show there were a very large number reported in need and not receiving relief in the latest month for which he had full figures.

I believe Mr. Hodson also made a statement with respect to New York, that there were approximately 30,000 families in need of relief and not being cared for.

The CHAIRMAN. That is in a territory not being assisted by the Reconstruction Finance Corporation.

Mr. WEST. That is true. I do not have them with me, but I know in the returns which have come to our association, there were a number of cities reporting families in need but not provided for. If that is a point on which you wish particular data I can supply you with some examples.

The CHAIRMAN. I would be glad to have you do that and insert it in the record at this point.

(The information referred to is printed in full, as follows:)

	Families or Individuals
San Francisco.....	16,000
Denver.....	3,000
Washington, D. C.....	2,000
Lawrence, Mass.....	800-1,200
Dallas County, Tex.....	20,000
Houston, Tex.....	3,000
Kanawha County, W. Va.....	2,000
Ohio County, W. Va.....	1,500
Orleans Parish, La.....	4,000
Waterbury, Conn.....	337

Mr. WEST. The other point I would like to make in that connection again is the fact that applying for relief is made, in many places, a very difficult and last-resort matter. So the number who have applied is not a gauge of the number that ought to be taken care of.

Now, I should like to suggest that estimates of needs given by persons who are not very close to this situation, who have not had an opportunity to observe the way these expenses go and know how the families react—who are not thoroughly familiar with this whole situation from top to bottom—are not likely to be very accurate. The further you get from it the less likely they are to be adequate. We might come to the time when those estimates would be too big; that is, if we were getting out of a situation, a person unfamiliar with it might be basing his estimates on the past and might overestimate it, but when you are getting into a situation they are always too small—far too small. In the last three years the official estimates of what was going to be needed were absurdly low compared to the amounts spent as shown in reports a year later.

I know of estimates last year which indicated that this country was expected to spend as much as \$175,000,000 in 1932 for relief and of other estimates which even went beyond and predicted a total of \$300,000,000 for relief from all sources. There were few estimates above that total for 1932. But you have in your record here estimates that we have spent as high as a billion dollars.

I, myself, would give a smaller estimate, perhaps \$750,000,000 in 1932. But I would like to point out that our national system and our national consideration of this whole problem has been based on estimates and opinions that have been proven absolutely inadequate and unreliable thus far.

The CHAIRMAN. Some of the witnesses have suggested that the expenditures for 1933 would be around a billion dollars. Mr. Croxton commented yesterday that the information he had obtained from contacts with the governors did not indicate any such figure.

Mr. WEST. With all due respect to Mr. Croxton, and also to the governors and their high position, I do not believe that most of them are very good sources for estimates of relief needs. Even if only present standards of relief are maintained, we will probably spend about a billion and a half for relief in 1933.

I wish to refer to one or two points in that connection. One is that in the hearings before this committee last year, Mr. Walter

Gifford, director of the President's organization on unemployment relief appeared just after, I believe, having checked with the official representative of each State. I am not speaking now of the governors but of the official representatives of organization.

The CHAIRMAN. Those are the people he called up on the long-distance telephone before he came to the committee?

Mr. WEST. Yes; and while he does not make any estimate for this current winter, his statement as to last winter was—

That a check of the unemployment relief situation by States which I have just made emphasizes again the existence in some parts of the country of great hardships resulting from unemployment. At the same time it indicates that, subject to actions by legislatures in possibly some four or five instances, each State will care for its own who must have help this winter.

It is true that the States did go through the winter without outside help to the local communities other than that provided by the State governments themselves. But that help was not adequate. And I fail to find any warning that had come from any of those States to the President's director which indicated that a few months later the States would become aware of accumulated needs, so that their governments would be applying for \$143,000,000 in loans.

The CHAIRMAN. The committee will take a recess at this time until 2 o'clock.

(Whereupon, at 12 o'clock noon, the committee took a recess until 2 o'clock p. m.)

AFTER RECESS

The subcommittee met pursuant to recess at 2 o'clock p. m.

STATEMENT OF WALTER WEST—Resumed

The CHAIRMAN. Mr. West, when we recessed this morning you were in the midst of your statement, and we will be glad to have you proceed now to give us any additional facts which you have in mind.

Mr. WEST. Senator, I was saying that I think it is very important, in connection with planning any legislation or determining whether or not we need it, to realize how faulty official estimates are of future needs in a situation like this, in the absence of reliable nation-wide statistics, and in the midst of growing needs.

As I said this morning, many of the estimates made last year evidently give no recognition to what was going to happen within the next 12 months. I merely want to add one or two other illustrations.

Senator Bingham on February 28 of last year sent a telegram to each of the governors asking them if they believed there was danger of any starvation in their jurisdictions.

I know that the word "starvation" may be interpreted in different ways, but it would seem that had the governors had any realization of the needs which became evident since that time, they would have given some indication of it.

In the Congressional Record of March 16, 1932, are printed the telegrams replying to Senator Bingham's inquiry. With one exception they do not suggest much need for aid outside of the re-

sources then available to the States themselves. That exception was Pennsylvania.

There are a number of very confident statements. Yet, since that time, all but 12 of the States have applied for Federal loans; and in asking for loans, they had to indicate very clearly that the State was practically without resources of its own.

Now, one more illustration. In his speech in Washington at the conference on relief and welfare mobilization last September, Senator Pomerene said that it had been the intention, as he understood it, of Congress in passing the emergency act, that the \$300,000,000 Federal fund was going to last two years.

But on yesterday I heard the director of the Reconstruction Finance Corporation's relief activities say that their present estimate is that the \$300,000,000 will last only until next July, with perhaps, and only perhaps, a very slight balance.

It would appear that instead of lasting two years, the fund will last 9 or 10 months.

I am criticizing no one; I merely want to suggest that even if we are not receiving official requests from the Governors for more money, we must not get a false sense of security that we are getting all of the money that is needed and is going to be needed within the next few months.

There is, undoubtedly, an official reluctance to view the situation in its full enormity; and there is, also, undoubtedly, a great deal of lack of familiarity with the needs of the unemployed.

It seems to me, Mr. Chairman, that there have been two very important lessons learned in this relief experience in the past year. One of them is that relief is not merely a matter of individual effort which private societies and private individuals may be depended on to assume; the second one is that relief is not a matter of exclusively local concern or responsibility.

The sponsors of the present bill, when they introduced the Costigan-La Follette bill last year, had only a few hardy followers. But I have heard for some time, now, almost no opinion objecting to the idea that the Federal Government has an important responsibility in connection with the problem of relief throughout the country for the duration of this depression.

But in spite of that assumption, it seems to me that Federal relief does not yet really exist. It seems to me that the Federal Government, so far as I can see, has really done only three things in this whole situation: It has set up an office here in Washington and it has covered the expense of a field staff of—

The CHAIRMAN. Six persons.

Mr. WEST. About six persons. It has the advantage of the time which may be spared for this purpose by the eminent members of the Reconstruction Finance Corporation, whose primary responsibility is to reanimate the business and industry and to get it out of its prostration. And it has authorized the Reconstruction Finance Corporation to function as a banker for the States, lending to the States, on this credit, funds which the States must later somehow reimburse.

But as for any real pledge of the Federal Government, any sense of responsibility, or of digging in to do what the Federal Govern-

ment can do to help out in this tragic situation afflicting this country as a whole, it seems to me that the Federal Government has not even started yet.

Now, there is only one other thing that I want to say, and that is with reference to something that was said in the hearing yesterday. Senator, I believe that adequate relief may be defined—

The CHAIRMAN. I am very interested to have your opinion about that, Mr. West. I got the impression from Mr. Croxton that he thought there was no point in discussing that question.

Mr. WEST. I think I would agree with what Mr. Croxton said that no relief is adequate as a way of life; relief can not provide a satisfactory way of living. But there is adequate relief as distinguished from inadequate relief, as distinguished from relief which does not provide the necessities, something to eat, the proper things to eat, and a proper sense of security.

Now, we can quibble for a long time as to just what it is and how adequate it is, but what I mean to point out is this: That there is a reasonable standard upon which relief programs have been based, or should have been based. I should like to define that as including food that is sufficient in quantity and in variety; there should be provision for special diets in case of illness and of other particular cases, such as young children; it must include shelter, it must include heat and light, and it must include clothing.

Now, there is a big leeway, of course, when I only say clothing; but I am talking about a minimum of clothing. It must not be merely clothing that covers a person but it should be something that is not too repressive to the person's sense of self-respect.

There must be medical care and hospital care.

The CHAIRMAN. When you mention shelter, do you mean the kind of shelter that is being provided, for instance, in Chicago, where a family is permitted to stay in one home until it is evicted, and then one month's rent is paid at another place that may have been gotten?

Mr. WEST. Mr. Chairman, I mean that there should be the payment of rent on a monthly basis, providing a sense of security that they will be sheltered month after month; that there will be shelter for the people who are on the relief list.

There are three other points that I want to mention in connection with this adequacy, and they have to do with methods. One of them is that some cash ought to be provided. It does not add to the cost unnecessarily to have some of the award go in cash, to give a slight opportunity to the recipient to expend some slight amount of cash.

I wonder if we can fully realize what it is for these people to go, year in and year out, without one cent to spend themselves on any of the minor but important necessities?

Then, it certainly has to be continuous; it can not be broken every little while by the lack of funds, and so that we wait until the next month to find out how much we are going to get for relief purposes.

The CHAIRMAN. You do not agree that it is preferable to bail out this money by dipperfuls to take care of these inadequate standards from month to month, or by 2-month or 3-month periods?

Mr. WEST. I do not. I can speak with a great deal of certainty from the point of view of the social agency on that. The public

department that has to plan its relief work, plan its relief program, would be under a great handicap; and generally speaking I should believe that there is practically no business office or public jurisdiction which has ever chosen to plan its business that way, its general business.

This is general business, and this is a part of a vast business, and it seems to me it requires the most careful planning; and the more careful the planning the more likely we will be to arrive at a time when we are doing this thing somewhat near adequately.

The CHAIRMAN. I observed that some of the grants made a few days ago by the corporation were for the months of January and February. It suggests that they are getting down to a pretty close margin, so far as the time element is concerned, if those advances were paid out after the beginning of the month which they were presumed to take care of.

Mr. WEST. I have not any actual data as to what happened over this last month-end.

I do know that when relief amounts are uncertain, as in that case, in many cases, in many places, and at many times, what simply happens is that, with the approach of the exhaustion of the available resources, the administrators are required to cut the relief allowance, sometimes horizontally, sometimes clear in two, and spread it pretty thin, so there will not be absolute stoppage, if they can help it.

Even complete stoppage sometimes comes about, pending official decision as to what will be available in future months. I can not see any mitigation for that. It seems to me that loans for short periods and on short notice must present a terrifically difficult problem to any person who is actually administering this kind of program.

I would simply like to say one more thing, and that is that, if we possibly can, we must provide against any unnecessary humiliation in the kind of relief or types of administration.

The CHAIRMAN. What do you have in mind when you say that?

Mr. WEST. One thing I have in mind is that, in the development of these programs, it is frequently necessary to administer them through people without very much experience, who frequently adopt a sort of moralistic attitude toward the person in need, which is one of the most depressing and degrading of the experiences which it is necessary for them to go through.

In these roughly constructed programs, it is so easy for a person not familiar with this whole situation to see this person as he is now, not as he was awhile ago, without knowing or understanding the process through which he has come to be what he is now, and thus to hold him responsible for what he is now, and to expect him to be very grateful for what he gets; to try to impose a set of arbitrary standards on this person, which no one who really knows the situation could possibly expect of him under the circumstances.

Humiliation, of course, is much more apparent under all of the systems of bread lines, and the systems which involve men standing in line and waiting for their orders, and having to go through a lot of publicity, having their cases called out in big public halls, with all of the rest of the applicants waiting.

There are many, many kinds of humiliation which are imposed on people who need relief, which ought to be guarded against with the greatest care. But in the development of these programs they are frequently not guarded against.

It is for these reasons that it seems to me that, without any delay, the Federal Government ought to do a great deal to help the States not only to get more money through the much greater taxing power and borrowing power of the Federal Government, but in marshaling its experience that is available, and in providing leadership and a cooperative plan with the State. That would do a great deal to encourage the States to work along more humane and really good business lines than the present haphazard and tragic and barbarous programs that we are now carrying on.

I should like to leave for the record, if I may, a little pamphlet called *Emergency Food Relief and Child Health*, issued by the United States Department of Labor, Children's Bureau, and the United States Department of Agriculture, Bureau of Home Economics, in 1931, which gives the basis for adequate food diets, with such variations as are necessary.

At that time they used price figures, which run about \$9.50 or \$10 for a family of five. Of course, those actually vary in different places, and they vary at different times. This year the reissue of the pamphlet has been made in a different form, without the prices, but with the quantities and all of the variations, according to the circumstances and ages, and so on, of the family.

The CHAIRMAN. They may be printed at the conclusion of your testimony.

Have you any further information concerning the transient problem?

Mr. WEST. My information on that is rather general, but I have some information about some of the administrative difficulties with respect to the transient problem.

I know there is a great difference of the settlement laws in the different States. I know there is a great reluctance in this country for one governmental unit, one jurisdiction, to spend its money on the chance that it may get reimbursed, or unless it can get reimbursed, on the resident of another jurisdiction.

I know that among the social agencies, the national agencies, there was, for years, a transportation agreement, so-called, which tried to regulate the passing on of transient residents of one jurisdiction found in another. The terms of that transportation agreement were meant to prevent official passing on of people by simply giving them a little money, so they could get on and become another problem for another town, and be passed on again, which was found to be destructive to the person himself.

That transportation agreement has practically been broken down and been abandoned under the stress of the present circumstances, and the shortage of funds. The pressure on the local funds has meant that the localities have had to try to keep people without even trying to give them any of the services which have been found so necessary in the past.

Now the easy and accepted and supposedly inexpensive thing is to give them a few dollars, enough to get them to another town, and

ship them on. It is the present practice, both officially and non-officially, to such an extent that there is a tremendous number of transient families and men and boys and girls, the worst problem being the boys; constantly on the go, particularly through the West and the Southwest, but making a problem for almost every city in the country.

It is pretty safe to say that there is no likelihood that we will be able to get the cities, or other local jurisdictions, or even the States, in a large measure, to undertake any adequate program for the transients, if it is required that they spend their own money for the care of the residents of other States.

The CHAIRMAN. You believe then that there must be Federal participation in relief before there will be any adequate, or even inadequate, care provided for the alarming number of transients who are, as you describe them, continuously on the move in this country?

Mr. WEST. I certainly do.

The CHAIRMAN. We thank you very much, Mr. West.

(The pamphlets referred to in Mr. West's statement are printed in full as follows:)

FAMILY FOOD BUDGETS FOR THE USE OF RELIEF AGENCIES

For every child every day at least 1 pint of milk. (He should have $1\frac{1}{2}$ to 2 pints.) Two teaspoonfuls of cod-liver oil if he is less than two years old. (He should have 3 to 4 teaspoonfuls.) One vegetable or fruit. (He should have three or four.) And also plenty of bread, cereals, and other energy and body-building foods.

In all relief the food budget should provide a diet adequate to maintain health and growth over an indefinite period of time and should allow an ample margin of safety in all nutritive essentials.

Calculate the minimum cost of the above diets from local market prices for the cheapest form of each food listed. Recalculate every two weeks or every month to take account of changing prices.

Household supplies are usually provided in connection with food allowances and should always be estimated for in giving relief.

These restricted diets are for emergency use only. They are a guide when funds are insufficient to provide a fully adequate diet. The "irreducible amounts" represent quantities below which no diet should ever fall, and they may not be adequate for use over a long period of time. Make every effort to increase the amounts of milk, vegetables, fruit, and, if there are young children, cod-liver oil to meet the allowance in "Adequate Diets at Minimum Cost."

Adequate diets at minimum cost containing ample margin of safety in protective and other foods
[Approximate quantities needed weekly by typical families]

Item	2 adults	Parents and 1 child ¹	Parents and 2 children under 12 years	Parents and 3 children under 15 years ²	Parents and 4 children under 15 years ²	Parents and 5 children under 15 years ²
Milk, pasteurized whole, or its equivalent ³	7 qts.	14 qts.	21 qts.	28 qts.	31½ qts.	35 qts.
Vegetables and fruit:						
Potatoes, sweet potatoes.....	6 lbs.	8 lbs.	11 lbs.	13 lbs.	15 lbs.	19 lbs.
Dried bean and peas, peanut butter.....	1 lb.	1-1½ lbs.	1½ lbs.	2 lbs.	2½ lbs.	3 lbs.
Leafy, yellow-colored, and green-colored vegetables.....	2 lbs.	3 No. 2 cans.	4 No. 2 cans.	3 No. 2 cans.	3 No. 2 cans.	4 No. 2 cans.
Dried fruit.....	1 lb.	6 lbs.	6 lbs.	7 lbs.	9 lbs.	12 lbs.
Other vegetables or fruit.....	4 lbs.	4-5 lbs.	6 lbs.	7 lbs.	8 lbs.	10 lbs.
Bread, flour, cereals, meals and flour.....	8 lbs.	10-12 lbs.	14 lbs.	17 lbs.	20 lbs.	24 lbs.
Bread (part whole grain) ⁴	4 1-lb. loaves.	5-6 1-lb. loaves.	5 1½-lb. loaves.	6 1½-lb. loaves.	7 1½-lb. loaves.	8 1½-lb. loaves.
Assorted cereals: Oatmeal, wheat, rice, macaroni, cornmeal, flour.....	3 lbs.	7-8 lbs.	9 lbs.	11 lbs.	13 lbs.	16 lbs.
Fats:						
Butter, margarine.....	¾ lb.	1 lb.	1 lb.	1¼ lbs.	1¼ lbs.	1½ lbs.
Lard, oil, salt pork, bacon.....	¾ lb.	1 lb.	1 lb.	1¼ lbs.	1¼ lbs.	1½ lbs.
Sugars:						
Cane or sorgo molasses or sirup ⁵	1½ lbs.	1½-2 lbs.	2 lbs.	2½ lbs.	3 lbs.	4 lbs.
Other foods:						
Cheese, American.....	¼ lb.	¼ lb.	¼ lb.	¼ lb.	¼ lb.	¼ lb.
Eggs.....	2½ doz.	1 doz.	1½ doz.	2 doz.	2 doz.	2½ doz.
Lean meat, fish.....	2½ lbs.	2½-3 lbs.	3½ lbs.	4 lbs.	4 lbs.	4 lbs.
Accessories:						
Coffee.....	¼ lb.	¼ lb.	¼ lb.	¼ lb.	¼ lb.	¼ lb.
Tea.....	¼ lb.	¼ lb.	¼ lb.	¼ lb.	¼ lb.	¼ lb.
Salt, etc.....	As needed.	As needed.	As needed.	As needed.	As needed.	As needed.
Cod-liver oil (for each child under 2 years) ⁶	As needed.	As needed.	As needed.	As needed.	As needed.	As needed.
Total cost (per week).....	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.30	\$ 0.35	\$ 0.40

¹ The smaller allowances apply if the child is under 6 years of age; the larger if the child is over 6 and under 12. Children in their teens need as much food as adults, and often more.

² Includes 1 child of teen age.

³ See reverse of this sheet for equivalents in evaporated milk, skim milk (fresh or dried), and cheese. Add equivalent of $3\frac{1}{4}$ quarts of fresh whole milk to each weekly allowance for families in which the mother is pregnant.

⁴ If the diet is to be used for a long period of time, it is suggested that the amounts of bread, cereals, and flour be increased to 12, 14, and 16 lbs., respectively.

⁵ If the diet is to be used for a long period of time, it is suggested that the amounts of sugar, molasses, and sirup be increased to 4, 5, and 6 lbs., respectively.

⁶ If desired, use 1 pint (about $1\frac{1}{4}$ pounds) of molasses or sirup for 1 pound of sugar.

Restricted diets for emergency use containing only the "irreducible amounts" of protective and other foods
[Approximate quantities needed weekly by typical families]

Item	2 adults	Parents and 1 child ¹ 12 years	Parents and 2 children under 12 years	Parents and 3 children under 15 years ²	Parents and 4 children under 15 years ²	Parents and 5 children under 15 years ²
Milk, pasteurized whole, or its equivalent ³	7 pts.	7 qts.	10½ qts.	14 qts.	17½ qts.	21 qts.
Vegetables, fruits (canned may be used, if necessary)	6 lbs.	8-9 lbs.	11 lbs.	13 lbs.	15 lbs.	19 lbs.
Potatoes	1 lb.	1½ lbs.	1½ lbs.	2 lbs.	2½ lbs.	3 lbs.
Dried beans and peas ⁴	2 No. 2 cans.	2 No. 2 cans.	3 No. 2 cans.	4 No. 2 cans.	5 No. 2 cans.	6 No. 3 cans.
Leafy, yellow-colored, and green-colored vegetables	2 lbs.	2-3 lbs.	3 lbs.	4 lbs.	5 lbs.	6 lbs.
Dried fruit	¼ lb.	½ lb.	¾ lb.	1 lb.	1 lb.	1½ lbs.
Other food	2 lbs.	2 lbs.	3½ lbs.	4 lbs.	4 lbs.	5 lbs.
Bread, flour, cereals	9 lbs.	12-13 lbs.	16 lbs.	19 lbs.	24 lbs.	27 lbs.
All in form of cereals and flour	4 1-lb. loaves.	5-6 1-lb. loaves.	6 ½-lb. loaves.	7 ½-lb. loaves.	8 ½-lb. loaves.	9 ½-lb. loaves.
Bread (part whole grain) ⁵	6 lbs.	8-9 lbs.	11 lbs.	13 lbs.	17 lbs.	19 lbs.
Assorted cereals—Oatmeal, wheat, rice, macaroni, corn-meal, flour	1 lb.	½ lb.	¾ lb.	1 lb.	1½ lb.	2 lbs.
Fats: Butter, margarine	¼ lb.	½ lb.	¾ lb.	1 lb.	1½ lb.	2 lbs.
Lard, oil, salt pork, bacon	1 lb.	2-2½ lbs.	3 lbs.	4 lbs.	5 lbs.	6 lbs.
Sugars	1½ lbs.	2-2½ lbs.	3 lbs.	4 lbs.	5 lbs.	6 lbs.
Cane or sorgo molasses or sirup ⁶	¼ pt.	½ pt.	¾ pt.	1 pt.	1½ pt.	2 pt.
Other foods: Eggs, American	¼ lb.	½ lb.	¾ lb.	1 lb.	1½ lb.	2 lbs.
Eggs, foreign	¼ lb.	½ lb.	¾ lb.	1 lb.	1½ lb.	2 lbs.
Lean meat, fish	1 lb.	1-1½ lbs.	2 lbs.	2½ lbs.	3 lbs.	4 lbs.
Accessories: Coffee	¼ lb.	½ lb.	¾ lb.	1 lb.	1½ lb.	2 lbs.
Tea	¼ lb.	½ lb.	¾ lb.	1 lb.	1½ lb.	2 lbs.
Bacon, ham, salt, etc.	¼ lb.	½ lb.	¾ lb.	1 lb.	1½ lb.	2 lbs.
Cod-liver oil (for each child under 2 years)	As needed.	As needed.	As needed.	As needed.	As needed.	As needed.
Total cost (per week)	0.20	0.25	0.25	0.25	0.30	0.35

¹ The smaller allowances apply if the child is under 6 years of age; the larger if the child is over 6 and under 12. Children in their teens need as much food as adults, and often more.

² See reverse of this sheet for equivalents in evaporated milk, skim milk (fresh or dried), and cheese. Add the equivalent of 3½ quarts of fresh whole milk to each weekly allowance for families in which the mother is pregnant or lactating.

³ If baking is not done at home, increase bread allowance. Deduct two-thirds pound flour for each added pound of bread purchased.

⁴ If desired, 1 pint (about 1½ pounds) molasses or sirup may be used for 1 pound of sugar.

Sample weekly food order—adequate diet at minimum cost for family of 5—parents and 3 children
[Milk, bread, and cereals, and vegetables and fruit are the most important foods]

Item	Quantity	Price	Amount	Item	Quantity	Price	Amount
MILK				VEGETABLES, FRUITS (CANNED MAY BE USED, IF NECESSARY)—contd.			
Equivalent of 28 quarts whole milk:				2 pounds dried legumes:			
Pasteurized whole				Beans			
Evaporated (14½-oz. cans)				Lentils			
Pasteurized skim				Peas			
Butter (in addition to fat allowance)				Peanut butter			
Dried skim				1½ pounds dried fruits:			
Butter (in addition to fat allowance)				Prunes			
American (whole-milk cheese)				Raisins			
BREAD, FLOUR, CEREALS				Peaches, apricots			
9 pounds bread and 10 pounds flour or cereal, 17 pounds flour and assorted cereals:				7 pounds other vegetables and fruits:			
Bread—				Onions			
Whole wheat				Turnips			
White				Beets			
Rye				Canned corn			
Flour, other cereals—				Apples			
Wheat flour				Bananas			
Corneal				FATS			
Hominy				3 pounds:			
Rolls oats				Butter			
Whole-wheat cereal				Margarine			
Macaroni, spaghetti				Lard, cooking fats			
Barley				Salt pork			
VEGETABLES, FRUITS (CANNED MAY BE USED, IF NECESSARY)				Vegetable oil			
13 pounds potatoes				SUGARS			
6 pounds tomatoes				3 pounds:			
7 pounds leafy, yellow-colored, or green-colored vegetables:				Sugar			
Cabbage				Molasses or sirup			
Carrots				OTHER FOODS			
Greens, spinach, kale				Eggs			
Rutabaga				Lean meat			
Squash				Fish			
String beans				ACCESSORIES			
				Cocoa			
				Coffee (½-pound limit)			
				Tea (½-pound limit)			
				Salt			
				Baking powder			
				Condiments			
				Total cost			

NOTES TO RELIEF AGENTS

Lists of foods such as the above may be used as suggestions for mothers when cash relief is given or as grocery orders when the order system of relief is used. They may be modified to provide for families of different sizes by using the quantities given on the reverse of this sheet. Families should be allowed as much choice as possible in the selection of food, because of differences in family, racial, and regional customs. Where food allowances are not made in cash, grocery orders should be supplemented with cash. A grocery order should give a list of foods, as above, and also the names of provision dealer, client, and relief organization, the amount of total food allowance, and the date of order, and should have space for a receipt.

Whenever possible, discuss the food allowance with each client in home visits or in meetings with small groups, so that foods may be selected and prepared intelligently. Call upon local teachers of home economics, public-health nurses, dietitians, and nutritionists to assist. Advice on food problems and printed information about foods and their preparation may be obtained from the extension service of the State agricultural college and the Bureau of Home Economics of the United States Department of Agriculture.

For the above sample order, the total or subtotal quantity of each type of food is that for the adequate diet suggested for a family of five on the reverse side of this sheet. These quantities should be followed to provide the best

food value for the money, but a choice of articles under each head may be permitted as indicated. If part of the milk supply is delivered to the family by a dairyman, the food order should show the additional number of quarts of fresh milk or number of cans of evaporated milk necessary to bring the whole amount to the total indicated.

If limited funds necessitate resorting temporarily to the restricted diet for emergency use, the total or subtotal quantities given for each type of food should be followed closely. It is important to include foods that will protect health as well as those that satisfy hunger.

Cod-liver oil (for all families in which there is a child under 2 years or an undernourished child) may be purchased very economically in pint bottles. If a welfare agency buys it at wholesale for distribution among families, considerable further savings will be made.

See also publication entitled, "Emergency Food Relief and Child Health," prepared by the United States Children's Bureau and the United States Bureau of Home Economics. Weekly market orders and food lists in this publication have been revised (December, 1932) as shown on reverse of this sheet.

SUGGESTIONS FOR SPENDING FOOD MONEY WISELY

Milk.—Spend about one-third of the food money for milk and cheese.

For quick calculation, the equivalent of 1 quart liquid whole milk is:

1. One "tall can" (14½ oz.) evaporated milk. If evaporated milk is cheaper, buy at least half the milk supply in evaporated form. (Evaporated milk is especially adapted to the feeding of infants.)

2. One quart liquid skim milk and 1½ ounces butter. (One pound dry skim milk and ½ pound butter equal 5 quarts liquid whole milk.)

3. One-fourth pound American (whole-milk) cheese—for adults and older children.

Vegetables and fruit.—Spend about one-fourth of the food money for vegetables and fruit.

Give preference to canned tomatoes, cabbage, inexpensive greens, carrots, potatoes, dried beans or peas, and the cheaper varieties of dried fruits.

Bread, flour, and cereals.—Spend about one-fifth of the food money for bread, flour, and cereals.

Select some whole-wheat bread and dark cereals.

Fats and sugars.—Spend not more than one-eighth, usually less, of the food money for fats and sugars.

Include some butter, if possible, and some unrefined cane or sorgho molasses or sirup.

Other foods and accessories.—Spend not more than one-sixth, usually less, of the food money for other foods, as eggs, lean meat, and fish, and for accessory articles.

A family may spend 25 cents a week for such articles as coffee, tea, cocoa, baking powder, spices, salt, etc. If more is spent, it should not exceed 5 per cent of the money for food.

Cod-liver oil should be given to all children two years of age, and when diets are limited may well be given to all young children, especially to those who are undernourished.

FAMILY FOOD GUIDE TO LOW-COST BALANCED DIETS

EVERY MEAL

Milk for children.

Bread for all.

EVERY DAY

Cereal in porridge, mush, or pudding.

Potatoes.

Tomatoes (or oranges) for children.

One or more additional fruits or vegetables, especially vegetables of green or yellow color.

Milk for all.

Molasses, sugar, other sweets.

Butter, fat meat, lard, other fats or oils.

TWO TO FOUR TIMES A WEEK

Tomatoes or raw cabbage for all.

Dried beans, peas, peanuts.

Eggs (especially for children).

Lean meat, fish, poultry, or cheese.

(Plenty of water to drink is needed with any diet.)

EMERGENCY FOOD RELIEF AND CHILD HEALTH

For every child every day at least 1 pint of milk (he should have 1½ to 2 pints), 2 teaspoonfuls of cod-liver oil if he is less than 2 years old (he should have 3 to 4 teaspoonfuls), 1 vegetable or fruit (he should have 3 or 4), and also plenty of bread, cereals, and other energy and body-building foods.

Prepared by Martha M. Elliot, M. D., director child-hygiene division, Children's Bureau, United States Department of Labor; Agnes K. Hanna, director social-service division, Children's Bureau, United States Department of Labor; and Hazel K. Stiebeling, Ph. D., senior food economist, Bureau of Home Economics, United States Department of Agriculture.

Acknowledgment is made to E. V. McCollum, Ph. D., Sc. D., professor of biochemistry, school of hygiene and public health, Johns Hopkins University; Lafayette B. Mendel, Ph. D., professor of physiological chemistry, Yale University; H. C. Sherman, Ph. D., professor of chemistry, Columbia University; and a number of social agencies and nutritionists who contributed helpful suggestions.

The food needs of growing children present the most important of all the problems to be met in planning relief budgets. Growth increases the demand not only upon the quantity of food but also upon the quality. Growth also hastens the ill effects of an inadequate diet. Certain specific inadequacies in diet result in deficiency diseases such as rickets, scurvy, and pellagra. But the results of prolonged general underfeeding—commonly known as "general malnutrition"—while they may be less dramatic and more easily overlooked, are not less serious. In time of economic stress children may suffer both types of damage unless the diet is carefully safeguarded.

The standard of all relief should be such as to provide a fully adequate diet, which allows variety and an ample margin of safety in all the nutritive essentials, and every effort to maintain such a standard should be made even under emergency conditions. In order to provide the foods necessary for health and growth this diet must contain, first of all, the protective foods—milk, cod-liver oil (for young children), vegetables, and fruit. These provide safeguards to health and growth not found to a sufficient extent in other foods. In addition, an adequate diet must include certain other foods—those which supply energy (breads, cereals, sugars, fats) and those which supply additional body-building substances (cereals, legumes, eggs, cheese, meat, or fish). It may be emphasized that no amount of these other foods will take the place of the protective foods. Children, because of the demands of growth, and pregnant and nursing mothers also, need these protective foods more than do others in the family. Deficiency diseases are inevitable if the supply of protective foods is insufficient.

If, under widespread conditions of economic stress such as many communities are facing to-day, family diets are forced below the accepted standards of adequacy that provide the margin of safety necessary for long-continued use, they must not be allowed to fall to the point at which health and the growth of children will suffer. It is imperative that allowances for food be such that the protective foods—milk, cod-liver oil, vegetables—and the other foods can be provided in at least certain irreducible amounts, amounts below which diets can not fall without resulting in nutritional disease or stunting of growth. When planning food relief under emergency conditions it is especially necessary that advice be given to families to help them select foods wisely and apportion their funds so as to insure at least the irreducible amounts of the protective foods.

The following suggestions regarding the protective and other foods are given to help those who are administering relief and advising families about the selection of food. Special emphasis should be laid on the needs of children for the protective foods, since they, more than adults, will suffer from inadequacies in this part of the diet.

PROTECTIVE FOODS

Milk.—Whole milk (unskimmed) should be the foundation of every diet. It is imperative in the diet of every child throughout the whole period of growth and in the diet of every pregnant and nursing mother. In every food-relief plan effort should be made to allow enough money to provide 1½ pints to 1

quart of milk daily for every child and every pregnant or nursing mother and half this amount for each other adult. When, however, in budgeting emergency relief, funds are so limited that this is not possible, at least 1 pint for every child and every pregnant or nursing mother must be provided daily. Under these conditions each other adult in the family should also be allowed some milk—at least one cup daily. For the baby who must be fed artificially, the full amount of milk required in his daily formula should always be allowed. Though milk may seem to be an expensive food, money spent for milk will bring a better return in food value than money spent for any other food.

Evaporated milk (not sweetened condensed) is whole milk, evaporated to half its original bulk. It may very well be used as an alternative for fresh milk. A "tall can" of evaporated milk when diluted with an equal amount of water is the equivalent of a quart of fresh milk. In most communities evaporated milk is cheaper than fresh milk, especially when bought in quantity. If evaporated milk is cheaper than fresh milk it should be used for at least half, if not for all, of the family milk supply when the amount of money for food is limited. Evaporated milk is especially well adapted to the feeding of infants. Milk products, such as cheese and dry milk, may be used to increase the milk solids in the diets, especially of adults. Skim milk, either fresh or dry, may be used provided either butter or cod-liver oil is a regular part of the daily diet.

Cod-liver oil.—Cod-liver oil is not a "luxury" but an indispensable food for young children. It not only will prevent rickets but also will protect the child in other important respects. Cod-liver oil should be included in the diet of all children under 2 years of age, and it may well be given to all young children, especially when malnutrition is present. Under conditions of economic stress, when overcrowding and other bad hygienic conditions may exist and when diets are limited in the amount of milk, eggs, fruit, and vegetables, there is even greater need for cod-liver oil. It is of the greatest importance that the oil purchased should be of a good grade as shown by tests for vitamins A and D. To provide 3 to 4 teaspoonfuls a day of such a grade of cod-liver oil for a child will cost about 15 to 25 cents for a week's supply. When funds are limited, at least 2 teaspoonfuls should be given daily.

Vegetables or fruits.—At least three or four vegetables and one fruit daily are usually considered advisable in an adequate diet for children or adults. In emergency-relief planning, however, it is not always possible to provide vegetables or fruit to this extent or variety. Diets for both children and adults can and must be planned to include at least one vegetable or fruit daily (preferably two) in order to provide minerals and vitamins. In both these respects vegetables give better returns for the money than fruits.

When only one vegetable can be served daily it is desirable to use as often as possible the vegetables which can be eaten raw or which need only a few minutes for cooking. Cabbage and tomatoes (raw or canned) are inexpensive foods which can be eaten this way and each should be used at least twice a week. It is important that at least part of the cabbage be eaten raw and that the canned tomatoes be heated a few minutes only. Some of the strained tomato juice should be saved for the baby so that he may be given at least 2 tablespoonfuls a day. Spinach and other greens, onions, and carrots (chopped or ground) also may be eaten raw.

Potatoes should be used as liberally as possible but not to the exclusion of the other vegetables.

OTHER FOODS IN THE FAMILY DIET

Energy foods.—Bread and cereals (including corn meal, hominy, oatmeal, flour, rice, macaroni), legumes (dried peas, beans, peanuts), sugars (sugar, molasses, sorgo sirups, corn sirup), and fats and oils (butter, margarine, lard, salt pork, vegetable oil) provide fuel for the body's energy needs and should make up a large portion of the family food. Bread, cereals, beans, and peas contain also body-building material in very cheap form; combined with milk they become even more valuable. The whole-grain breads and cereals contain in addition certain important substances usually removed in milling and should be used once a day in low-cost diets. Cane molasses and sorgo sirups (sorghum) contain minerals not found in refined sugars or sugar sirups.

Fats, such as butter, margarine, lard, salt pork, and vegetable oil, are important sources of energy. Fats make more palatable the large quantity of grain foods necessary in low-cost diets and are a great aid in cookery.

Other body-building foods.—Eggs, cheese, lean meat, and fish supply protein and certain vitamins and minerals. On a very limited budget meat and fish

may be reduced to very small amounts. Lean meat, liver, and fish have a pellagra-preventing value and in this respect are like milk. Eggs are very valuable as food and should be included in the diet, especially for children whenever possible.

THE FOOD BUDGET

Adequate diets at minimum cost

In all relief the food budget should be such as to provide a diet adequate to maintain health and growth, one which allows some variety and an ample margin of safety in all nutritive essentials and is therefore safe for use over an indefinite period of time. The cost will vary with the size of the family, with local market prices, with the skill used in selecting and preparing the cheaper forms of food, and with the family's own resources in dairy, garden, or other produce.

It is estimated that for a family of five (father, mother, and three children) \$7.50 to \$10 a week should be allowed to provide an adequate diet at minimum cost.¹ A special allowance, from 15 to 25 cents a week, must be added to the food budget to provide cod-liver oil in those families where there is a child under 2 or other children who are not well nourished. So also must additional allowance be made to provide special diets when there is illness such as tuberculosis in the family.

The accompanying weekly market orders for food for families of 3, 5, and 7 persons will provide adequate diets at minimum cost. They allow some variety and the margin of safety which will permit their use over an indefinite period of time. Market orders for families of other sizes may be interpolated between those given.

Weekly Market Order to Provide Adequate Diet at Minimum Cost for Families with Children

	3 in family	5 in family	7 in family
Milk: Half fresh, half evaporated (not sweetened condensed)	10½ quarts	21 quarts	28 quarts.
Vegetables:			
Tomatoes, No. 2 cans	3 cans	5 cans	7 cans.
Leafy vegetables (cabbage, greens)	3 pounds	5 pounds	7 pounds.
Potatoes	7½ pounds	15 pounds	20 pounds.
Other vegetables or fruit	9 pounds	11 pounds	13 pounds.
Bread, cereals, and legumes:			
Bread (part whole wheat)	10 pounds	14 pounds	18 pounds.
Cereals (oatmeal, wheat cereal, rice, macaroni)	3 pounds	5 pounds	7 pounds.
Flour and corn meal	do	4 pounds	5 pounds.
Dried beans and peas	1 pound	1½ pounds	2 pounds.
Fats: Butter, margarine, lard, salt pork, vegetable oil	2 pounds	3 pounds	4 pounds.
Sugars:			
Cane molasses, sorgo sirups	¼ pint	1 pint	1 pint.
Sugars	2 pounds	3 pounds	5 pounds.
Other foods:			
Cheese	¼ pound	½ pound	¾ pound.
Eggs	½ dozen	1 dozen	1 dozen.
Lean meat or fish	Not more than 4 pounds	Not more than 6 pounds	Not more than 8 pounds.
Accessory articles:			
Coffee	¼ pound	¼ pound	¼ pound.
Tea	¼ pound	¼ pound	¼ pound.
Cocoa	do	do	do.
Baking powder, salt, etc.	As needed	As needed	As needed.
Average cost per week ²	\$5 to \$7	\$7.50 to \$10	\$10 to \$13.
Cod-liver oil (for 1 child)	3 to 4 ounces	3 to 4 ounces	3 to 4 ounces.
Average cost, including cod-liver oil for 1 child	\$5.15 to \$7.25	\$7.65 to \$10.25	\$10.15 to \$13.25.

¹ Where potatoes or sweetpotatoes can not be had use more vegetables and 2 to 4 extra pounds of flour or meal.

² Based on recent prices obtained by the U. S. Bureau of Home Economics from many sections of the country.

³ The diets suggested in U. S. Department of Agriculture Miscellaneous Publication No. 113, *Adequate Diets for Families with Limited Incomes* (April, 1931), cost, at present city retail prices, from \$7.50 to \$10 a week for a family of five. The grocery orders for families of five used by the New York Association for Improving the Condition of the Poor cost \$7.75 to \$10 a week. Food allowances reported from California vary from \$9.21 to \$9.77 a week for a family of five. The Chicago Standard Food Budget at recent prices average \$10 a week for a family of five.

WHEN EMERGENCY MEASURES ARE NECESSARY

The basis for all food relief should be an allowance that will provide an adequate diet. But just now many communities are finding it difficult to provide sufficient relief funds to meet adequately the present widespread emergency. If, temporarily, relief funds can not be obtained that are sufficient to provide such adequate diets, at least enough money must be allowed to provide the "irreducible amounts" of the protective and other foods. Protection of the health and growth of children must receive first consideration.

The following "irreducible amounts" of the protective and other foods are far from optimal and are not adequate for use over a long period of time. They must not be taken as a basis for estimating food needs, but merely as the quantities below which no diet should ever fall. Continuous effort should be made to increase the amounts of the protective foods.

PROTECTIVE FOODS

Milk.—At least 1 pint daily for every child and every pregnant or nursing mother. At least one-half pint daily for each other adult.

Cod-liver oil.—At least 2 teaspoonfuls daily for every child under 2 and for every child who is not well nourished.

Vegetables.—At least one vegetable daily (preferably two) for all the family.

OTHER FOODS

Bread, cereals, and legumes.—Four to five pounds of bread or cereals per person weekly. From one-fourth to one-half pound of dried beans or peas a week for each person.

Fats and sugars.—From three-fourths to 1 pound of fat per person a week. Use butter, margarine, lard, salt pork, vegetable oils. From one-half to 1 pound of some form of sugar a week for each person. Use cane molasses, sorgo sirups (sorghum), corn sirup, or sugar.

Eggs, cheese, meat, or fish.—These foods are expensive and may be reduced to very small amounts when the money for food is limited. If eggs are cheap, as in some communities, they should be included in the diets, especially for children.

ACCESSORY ARTICLES

Salt, baking powder, tea, coffee, and cocoa should be allowed for in small amounts.

Under emergency conditions, then, for families of 3, 5, and 7, with children, at least the following amounts of the protective foods and of breadstuffs and legumes must be used weekly if health and growth are not to be damaged seriously. These quantities are not adequate for long-time use.

	3 in family	5 in family	7 in family
Milk: Half fresh, half evaporated.....	7 quarts.....	14 quarts.....	21 quarts.....
Vegetables:			
Tomatoes, No. 2 cans.....	2 cans.....	3 cans.....	4 cans.....
Cabbage or kale.....	3 pounds.....	5 pounds.....	7 pounds.....
Potatoes.....	6 pounds.....	10 pounds.....	15 pounds.....
Other vegetables (carrots, onions, turnips, etc.).....	4 pounds.....	8 pounds.....	12 pounds.....
Bread, cereals, and legumes:			
Bread (part whole wheat).....	8 pounds.....	10 pounds.....	Do.
Cereals (oatmeal, wheat cereal, rice, macaroni).....	1½ pounds.....	3 pounds.....	4 pounds.....
Flour, corn meal, hominy.....	4 pounds.....	5 pounds.....	7 pounds.....
Dried peas and beans (cheapest bulk variety).....	1½ pounds.....	3 pounds.....	4 pounds.....

To these must be added, as recommended on page 7, fats and sugars, cod-liver oil if there is a child under 2, and, in small amounts, the accessory articles mentioned.

As in the case of the adequate diet, the cost of a food supply based on the irreducible quantities of protective and other foods will vary with the size of family, with local market prices, with the skill used in selecting and preparing the cheapest form of each food, and with the family's own resources in dairy, garden, or other produce. It may be emphasized that only by carefully

apportioning food expenditures, by limiting the variety of foods, and by buying each food in its cheapest form will the amounts of money available bring the best returns in food value. In order to use each dollar available to the best advantage it should be divided approximately according to the following plan:

Out of every dollar, spent 25 cents (one-fourth) for milk; 20 cents (one-fifth) for vegetables; 20 cents (one-fifth) for bread, cereals, and legumes; 20 cents (one-fifth) for fats and sugars; 15 cents (the rest) for eggs, cheese, meat or fish, and accessory articles.

UNDER CONDITIONS OF EXTREME ECONOMIC DISTRESS

In the most extreme situations of economic distress the need for relief may be so widespread as to resemble conditions following disaster. If the allowance for food falls below that which will supply even the irreducible amounts of protective and other foods, there will be great danger of serious injury to children and adults. When the food allowance is extremely low, the food that is unsupervised and unaided families will provide for themselves may be extraordinarily poor. It may consist only of such food as salt pork, meal, and molasses, or even of rice and beans. Every effort should be made to supplement such food with as large quantities of the protective foods as can be furnished.

When diets such as these are all the food that is available, the need for milk, cod-liver oil, and vegetables is, of course, especially great. Though 1 pint daily is the minimum below which no child's allowance for milk should be allowed to fall, it may be emphasized that to supply one cup of milk is better than to permit a child to go without any. This first cup, however, must be regarded only as a starting point. To it must be added a second cup as soon as possible, and again a third, if growth is to be provided for at all adequately. Canned tomatoes, raw cabbage, greens, or even potatoes, if they are the only vegetables to be had, should be made available to all families several times a week. In these emergency conditions cod-liver oil may well be given to all children. In addition, cereals, flour, and dried beans and peas should be made available to provide for energy needs.

Under such conditions, wholesale buying of milk and other necessary articles of diet may be advisable to permit the individual families to obtain food at the lowest possible cost. Clean whole wheat or crushed wheat, locally prepared, may be cooked in large quantities and distributed by a central agency. Dry skim milk may be purchased by the barrel. If skim milk is the chief form of milk used, butter or cod-liver oil must be included in the diet.

SUGGESTIONS FOR AGENCIES ENGAGED IN PLANNING EMERGENCY FOOD RELIEF

1. Irregular, unplanned, or uncoordinated food relief given to a family by several agencies is undesirable, since it is often impossible to know whether the various allowances together meet the family's need.⁴

2. Make every effort to see that each family has a food allowance sufficiently large to provide an adequate diet at minimum cost, according to local prices. See that each family learns how to divide its food money so that the "protective foods," milk, vegetables or fruit, and cod-liver oil, will be purchased in correct proportion to breadstuffs, fats, sugars, and other foods.⁵

3. Since cod-liver oil is to be included in the food budgets only for families with children under 2 or children who are not well nourished, and since, like milk, it seems to many persons one of the more expensive articles of diet, some communities may find it helpful to call on local groups to deal with this special problem. The money for cod-liver oil preferably should be added to the family budget. In order to obtain cod-liver oil at the lowest possible cost, families should be provided with enough money to purchase it in large quantities, usually in pint bottles. If it is bought at wholesale an even greater saving may be made.

So, too, special groups may be organized to deal with the problem of milk for children. Whenever possible the money for milk should be included in

⁴ See Outline of Procedure in Home and Work Relief in Unemployment Emergencies, a manual published by the Family Welfare Association of America, 130 East Twenty-second Street, New York, 1931. See also Suggestions for Dealing with Unemployment Emergencies in Smaller Communities, published by the American Association of Public Welfare Officials, 1800 E Street NW., Washington, 1931.

⁵ See Getting the Most for Your Food Money, a 4-page leaflet published by the Bureau of Home Economics and the Office of Cooperative Extension Works, U. S. Department of Agriculture, Washington, 1931. See also How to Spend Your Food Money, a 1-page dodger published by the Children's Bureau, U. S. Department of Labor, and the Bureau of Home Economics, U. S. Department of Agriculture, Washington, 1931.

the family food allowance. However, in times of great stress, wholesale purchase of milk (either fresh or evaporated—not sweetened condensed) will reduce the cost and thus make more milk available for children.

4. Families may need help in learning to use and prepare unfamiliar foods to the best advantage and to adapt them to personal and national customs. Call upon local teachers of home economics, public-health nurses, dietitians, and nutritionists to assist them. Advice on food problems and printed information about foods and their preparation may be obtained from the county home-demonstration agent, the extension service of the State agricultural college, the nutrition service of the American National Red Cross, and the Bureau of Home Economics of the United States Department of Agriculture.

STATEMENT OF MISS HELEN HALL, UNIVERSITY SETTLEMENT, PHILADELPHIA, PA.

The CHAIRMAN. Miss Hall, will you give your full name and address and position to the reporter for the record?

MISS HALL. My name is Helen Hall and I am the director of the University Settlement House, 2601 Lombard Street, Philadelphia.

The CHAIRMAN. How long have you been connected with that institution?

MISS HALL. For 10 years.

The CHAIRMAN. Can you give the committee information concerning the effect which the unemployment problem and the failure to adequately meet it has had upon persons who are now in need of relief?

MISS HALL. I am to-day representing the National Federation of Settlements as chairman of their unemployment division, and we have been making a study of the effect of unemployment on family life and on individuals for the last five years.

The CHAIRMAN. The committee will be very glad to have the benefit of that.

MISS HALL. I testified three years ago, giving some of our committee's earlier material, but since then we have made a study of the effect of the depression on our neighborhood families during these last three years, and I will be glad to give you some of that material.

The CHAIRMAN. We will be very glad to have that.

MISS HALL. The stories come from all over the country, Senator, because the study is a national one, and I can just give you glimpses here and there of how our relief methods have borne down on the individuals. Necessarily there are only a few excerpts, but they come from a background of hundreds of studies that the National Federation of Settlements has made, and a great many of the families I myself have interviewed.

The CHAIRMAN. Would you say that they were fair examples?

MISS HALL. I would say they are very fair examples.

The CHAIRMAN. They are fair examples of the 3,000,000 families, let us say, that are now on relief in the United States?

MISS HALL. Yes; I should say they were very fair examples, as our material comes from all over the United States. They are neighbors of the settlement people and people that we have known over a long period of time, people whom we have known when they

were working and getting along well, and we have seen at close hand what has happened to them since the depression.

I shall start, if I may, with something that happened in West Virginia last summer.

I was in England last summer and was very much impressed with what a minimum of security did for the people there, how their standards of living had been upheld through years of depression, even in the coal fields.

I interviewed not only the officials and conservatives and laborites but the working people in Great Britain, because I was interested in knowing whether the insurance had been as demoralizing as we are led to think it is. I feel you can only tell how any system works out by seeing the people who have to live under that system. I was very much impressed with the conditions in the coal fields, where the people have been out a great many years longer than they have in this country, and the manner in which the health and morale of those people has been able to withstand years of idleness.

When I came back home I went down into the coal fields in West Virginia. I was interested in conditions there, and I should like to tell you of my talks with some of the miners' families, which will illustrate the situation perhaps better than reports of what has taken place down there.

A year ago the statistics of the Children's Bureau pointed to the fact that the weights of miners' children were very low. Because of this an appropriation was made for West Virginia, Kentucky, and Pennsylvania from funds which, I understand, were left from flood relief and amounted to \$300,000. This was given to the Red Cross to distribute through grocery orders, and the American Friends' service committee was asked to work with the children, putting milk into the schools and sending it to babies.

The men and women told me about this, numbers of them, and on one particular occasion I remember they described how they had been helped when the groceries came and when the milk came, and one of the women said, "The children fattened like little pigs all over the county when they got that pint of milk. It's wonderful how a child perks up when it gets enough to eat."

"Then," they said, "In the spring the groceries stopped and the Quakers went home, and there wasn't any more milk for the babies." They said it was not so bad for the people who had gardens, because they could perhaps get along, but it was bad for the babies.

I turned to one of the women and said, "Just exactly what did you do; how did you manage?" And one of them said, "Honey, it seems like it would be easy to say, but I don't know as you would understand our ways."

And I said, "Well, I would like really to know how you have managed"; and one of them said, "Well, tell her how we manage," and the other one said, "Well, I will tell you; there was lots of times when there was just gravy soup"; and I said, "What is gravy soup?" And she said, "Well, you puts flour in a pan and browns it and stirs water into it."

I said, "Do you feed babies on gravy soup?" The babies looked as though they had been fed on gravy soup. And one woman said, "No, honey; not when I could help it. A neighbor up Pidgeon

Creek way had a cow, and whenever she had any milk left over she sent me down half a pint. That was sometimes every other day, and sometimes once a week, but it was mighty helpful."

I said, "Is that what you are feeding the baby now?" And she said, "No; we are feeding it bean soup from beans in the garden."

The milk had stopped coming. The money from the flood relief had been exhausted in the spring, and at the time I was there in October I understood that the counties were negotiating with the Reconstruction Finance Corporation for loans. But the babies waited for their milk from May until November.

I could not but feel that it would have been cheaper for us, in the end, to have given the children milk during that period, particularly when I looked at the babies and saw them sick and undernourished.

The CHAIRMAN. Did they give outward evidences of malnutrition and undernourishment?

Miss HALL. Yes; they most certainly did.

I should like to give just a few excerpts, Mr. Chairman, from the neighborhood reports, just as they have come to me, as a part of our settlement study. I think it is just as easy, probably, as telling the story. The first is from Detroit, but I am not using it as an example because I consider it necessarily more tragic than hundreds of others, but merely because its cost to the State is perhaps more obvious than some, where the future costs may be greater but are more difficult to evaluate. The report, just as it came to me, starts with the family situation in May, 1929. The family consisted of a man 42 years old, a woman 42 years old, and six children ranging from 4 to 19 years. Man a hard-working, unassuming type. Very fond of his wife and children. Family lives in a frame building which they own and which they have divided into three apartments. They receive \$27 a month for the rent of the two apartments. The man was employed at Ford Motor Co., averaging \$32.75 a week in wages. John, the oldest boy, was employed at the General Box Factory, earning \$20 a week.

June, 1929, one month later: Man put on part-time work three days a week, earnings averaged \$16 a week.

December, 1929, six months later: John laid off at box factory.

November, 1930, 11 months later: Tenants not paying rent. Mother gets job as janitress.

May, 1931, six months later: John went to work for farmer for room and board. Mother develops varicose veins in legs from being on feet so much.

June, 1931, one month later: Man laid off altogether. Comes to settlement office asking for card referring him to other factories. Worried over wife's health.

October, 1931, four months later: Department of public welfare refused family relief, but offered to get tenant for one of their apartments and pay rent. Department of public welfare paid \$12 rent for one month.

December 18, 1931, two months later: Man applied to department of public welfare because no rent was paid on apartment after first month. Was told by worker that under new ruling no rents were being paid to landlords where city taxes were overdue. Man came home very desperate and despondent. Christmas was very near and

he hoped to buy necessities for children. Children being fed at fire house.

December 19, 1931, next day: Son, Stanley, aged 7, went to woodshed for some wood to build fire in house and found his father had hanged himself.

December 22, 1931, three days later: Insurance policies not kept up, so man buried by department of public welfare.

December 23, 1931, next day: Woman came to office asking for help. She is destitute and not able to work. Since husband's death appears very broken down. Veins in legs worse.

December 24, 1931, next day: \$3 emergency relief from department of public welfare.

December 24, 1931: Christmas basket delivered to family.

January 5, 1932, 12 days later: \$3 emergency relief from department of public welfare. New Year's basket delivered to family. Woman appears very nervous and broken hearted. Cries whenever man is mentioned and seems bewildered. Advised woman to apply for mother's pension.

December 12, 1932, 11 months later: Family living on widow's pension when I visited them.

I should like to tell you a story of a young man in our neighborhood, the results of which will be costly to the community. This young man was taken ill two years ago with the flu. He was living with his sister and his sister's husband was out of work and he was supporting the entire family—his sister, her husband, her children, and his own child. There was no coal in the house and no coal was being given in Philadelphia at that time. He got up from the flu and the house was cold (I have been in it and I know how cold that particular house can be), and he was taken ill again with pneumonia. He got up again and caught another cold and was taken with tuberculosis.

He has been treated for the last two years in a sanitarium, and he will never be able to work again full time or at full strength. He has a little boy of seven; so that both he and the little boy will be partially dependent.

In arguments against Federal aid for the unemployed, the words "local responsibility" appear often and have a convincing ring. Unfortunately, the words are used with more earnestness in combating Federal aid than in facing just how adequately the community itself is meeting that local responsibility.

Surely, no city which does not consider rent as a definite part of its local relief program, can fairly claim that its relief needs are being met. We can well question the right that a community has to say that it is taking care of its own, when what it means by care is little more than payment of a grocery order. We may be sure that those who have lived under the fear of the constable and the sheriff for these past years have no such conviction.

There is a game of eluding the landlord which is being played all over the United States to-day. Unemployed wage earners and their families are forced to play it, social agencies and emergency relief funds are playing it, and municipalities are playing it. It brings not only suffering and hardship in its wake, but great demoralization.

I want to give just a few instances of the kind of thing that happens in our system of nonpayment of rents. These few tell the story of so many, many others.

The Reiters, a family of seven, were getting grocery orders from the unemployment relief fund in Philadelphia, and were evicted from their home in December.

The CHAIRMAN. Of what year?

Miss HALL. This was last year.

The CHAIRMAN. 1931?

Miss HALL. 1931; yes. A neighbor took them in and for two months the father, mother, and five children, the oldest of whom is a girl of 13, lived in one room. The mother was expecting a baby at the time of eviction.

The Careys were evicted just before Christmas and relatives offered them one room. For over two months the mother, father, and four children slept in one bed until another bed was given them which they were scarcely able to squeeze into the room.

Mrs. Green, who lives just around the corner from University House in Philadelphia, left her five small children alone one morning while she went to get her grocery order filled. While she was away the constable arrived and padlocked her house with the children inside. When she came back she heard the 6-weeks old baby crying. She did not dare touch the padlock for fear of being arrested, but she found a window open and climbed in and nursed the baby and then climbed out. The mother was a school-teacher before her marriage.

Another neighbor of mine, Mrs. Fleer, had a husband who was dying of tuberculosis. When she lost her job they had no means of support and were given food from unemployment relief funds. But weekly the rent collector found his way back into the alley in which she lived. She had been told that her husband had only a short time to live, and she wanted to keep it peaceful for him until he died. She had never been back in her rent before and both she and her husband were panic-stricken when she could not keep the collector quiet.

The Lazars live in Cleveland. They were determined to give their children a good schooling and be independent in their old age. In spite of the fact that Mr. Lazar had worked all his life at unskilled labor, they saved enough to buy a 2-family house which they remodeled to accommodate four families, and later bought a 2-family house next door. Besides this they had a \$1,000 in the bank when Mr. Lazar lost his work. Soon after he lost his own work his tenants lost theirs and stopped paying their rent. Some of them were getting relief in grocery orders, but at that time it was not the policy in Cleveland to pay rents except upon eviction. No rent was paid Mr. Lazar. After his savings were gone he borrowed on his property until the borrowing power was exhausted. The two oldest girls left school to save carfare and shoes. The youngest children were refused milk in school because their family owned property.

We sometimes feel that property owners, who have done all of the things we have wanted them to do, who have saved and bought homes, are almost worse off than renters. I want to tell you now of

a family in Chicago. This story illustrates the confusion that individuals feel in our complicated set-up and our haphazard methods of relief. There were, last year, 1932, 3,611 evictions in Chicago, in spite of the fact that it has been their policy to pay rent upon notice of eviction. The Ricardos have four young children. John is 31 and his wife, Rose, is 24. Would you like to have me give you this whole story?

The CHAIRMAN. Yes; we would like to have it. But if you see any objection, I do not see any reason why you should give their names.

Miss HALL. I do not give any of their real names. The families know their records are taken; that names are not to be used. We always use a name of the same nationality as the family, but never the same name.

Rose is a good housekeeper and their home has always been neat and attractive in spite of four young children. In 1930 the father was earning \$34 a week as a chauffeur on a truck for a cartage company for whom he had worked 11 years. Their furniture was all paid for, and, as they described it, they were "getting along fine."

The father was discharged in May, 1930. In four months their savings were exhausted and their relatives began to help them. In November they were served with an eviction notice. They went to court, but their relatives gave them enough for the two months' back rent, and continued to help them until the first of that year when they began to be pressed themselves and felt they could help no longer. The Settlement House to which they came gave the man some made work which covered their rent, coal, milk, some groceries, and electricity from January until spring. In addition to this the county supplied staples amounting to \$6.75 a month.

It has been complicated in Chicago because, until recently, the county supplied the staples and the private relief agencies, which were subsidized by public funds, issued grocery orders and gave other forms of relief. So the families were confused by the fact that there were two agencies working with them, and it was difficult for them to know exactly where they stood or to whom to turn.

In May, 1931, when there was still no sign of work and the settlement funds were exhausted the family applied to the United Charities. At this time, from May to November, of 1931, the United Charities were paying rent, so that the family's rent was taken care of and the county's staples were supplemented with a grocery order and coal. In November the policy of paying rents was discontinued and by January, 1932, the landlord was pressing them hard for rent again. John Ricardo said at this time "A fellow doesn't know what to do with himself. There is no use looking for work any longer. I still ask my friends, but all they do is to give you sad news—more lay-offs. I just sit around and help around the house, then about 6 I go out. I hang on the corner or I walk downtown, just to see something different. It just chills you when you hear the talk about the funds giving out. They don't want a fellow to steal, but what would anyone do if they didn't get it for their children?"

In February, 1932, a State commission on emergency relief was appointed in Illinois and a State fund of \$18,750,000 became available. Distribution was made by the State through the counties. The county bureau hurriedly set up new district offices in inadequate

quarters and rushed a staff together, preparing to take over the families which up to this time had been handled by private relief agencies subsidized by public funds. They were immediately swamped with new cases and with transfers from the private agencies. Ricardo went for three days and waited from 7 in the morning until 4 in the afternoon.

On February 3 the family received their grocery box which should have arrived on January 23, and a slip saying another box would come later, telling them that their case was transferred to a new emergency relief station and that they would get further help there.

On February 6 they got a notice for not paying their rent and a hearing was set for February 9. On February 9 the court gave them until February 24 to find rooms and move. They were sent to the emergency relief station where they waited all day and had to return the next day as there were hundreds ahead of them. They were told they could have \$12 later and must look for rooms for that amount.

On February 19 the family had not received food for two weeks. On February 23 Mrs. Ricardo reported that her husband had been drinking and abusing her, which he had never done before. February 24 the settlement gave \$2 for food as their ration had not been received. On February 25 a food order arrived. On March 1 Mrs. Ricardo was in the sewing club at the settlement when a neighbor brought in a writ of restitution, which is a 24-hour notice that the bailiff would come out to evict. Mrs. Ricardo rushed home to look for rooms but everywhere she went she met the question, "Are you on relief?" If she answered truthfully, no one would rent to her.

Her mother-in-law came in from a near-by suburb and said she had found a cottage near her and would pay the first month's rent, although her own resources were failing. The emergency relief station moved them, but did not transfer them to the rural service of Cook County. There was a blizzard after they got to the country and they needed coal, but they could not find the relief station. Finally a neighbor told them to go to the village hall, which they did, and after two weeks their staples finally reached them, and the day after that tickets were sent for milk. The children were sent meanwhile to the mother-in-law's or the sister's for a meal each day. No grocery order came during their first two months in the country. Only the staples through the county relief.

They had moved out to the country at the beginning of March and on May 28 a grocery order of \$4.55 was given which was to last for two weeks. No further order came until July 15. On July 18 the new landlord threatened to evict them. Mrs. Ricardo said at this time, "I was sick and the baby was sick, and I couldn't find a doctor. We was two months' overdue on the rent, and the landlord lived right back of us. It makes it terrible when the landlord's right back of you. A friend moved us back to Chicago. We thought perhaps John would get work at the relief station, as they was giving it to some so they could pay their rents, and you see the relief station couldn't give us no rent out in the country because we weren't evicted."

On August 29 they moved back to the city again. Two weeks later a grocery order for \$3.25 was sent to them.

On January 3, 1933, when I visited them, they were getting a weekly grocery order from the county and coke for their stove, but they owed four months' rent and were afraid of being evicted again.

As has been said in other testimony, we have very few cities which are making any allowances at all for light. They pay grocery orders, but the families have no cash with which to buy lamps or other forms of lighting besides electricity and gas.

In Philadelphia the county relief board pays for no gas or electric light, and the other day one of our own neighbors in Philadelphia, three days before Christmas, rang our doorbell at 3 o'clock in the morning and said he wanted our doctor. His wife was going to have a baby. In order to give the doctor enough light to care for his wife the father connected a gas hose outside the meter, and it was by that light that the baby was delivered.

We have started a hooked-rug industry in our house for unemployed men in our neighborhood. One of the men has been working way into the night by the light of a candle. His neighbor knew that he could not see well enough, so he brought a light from his own meter by a wire across his yard and put an electric light bulb down in his friend's cellar.

It is almost a truism to say that the poor are looking after the poor, but how they are really doing it is impossible to understand unless you are close to the situation and watching the ways in which they are helping each other.

Shall I go on with further illustrations?

The CHAIRMAN. Please proceed.

Miss HALL. This is a short story, illustrating a little how families help each other, and the growing strain on family relations, and the psychological element which enters into the situation.

Mrs. Manning's husband was a helper on an ice truck, earning \$20 a week, until two years ago, when he lost his steady job. In the two years since then he has only had three months' work.

The CHAIRMAN. What city is this, please?

Miss HALL. This is Philadelphia.

Last May the owner of the row of little houses in which the Mannings lived decided to tear the houses down. The Mannings owed five months' rent at the time and had no money to pay on a new house, so Mrs. Manning's sister took her into their home. There are three girls in the Manning family—15, 13, and 7 years old—and the mother and father. A family of eight took them in. The Johnsons have four boys—aged 22, 18, 15, and 10—and two little girls who are 8 and 12 years old. Two bedrooms were turned over to the Mannings, and the Johnsons proceeded to double up in the two bedrooms which were left to them.

At the time in May when the Johnsons took their relatives in the Mannings were receiving a grocery order of \$4.50 a week from the bureau of unemployment relief, which they cooked separately in their two rooms, but when relief stopped for four months last summer the Johnsons have supported them entirely.

Mr. Johnson is a policeman whose wages have been cut first from \$90 to \$70 semimonthly, and now to \$51, and out of this he must pay \$3.75 beneficiary, \$6 pension, and \$1 "welfare." In September he had to buy an overcoat for \$38 and pay \$1.50 for a hat, which left him

\$51.75, of this \$25 went to rent, leaving the family of 13 \$26.75 for that month for food, clothes, light, heat, and all incidentals. The Johnsons themselves moved from a house for which they had to pay \$30 to one for \$25 and wanted to move into a smaller house, but they would not have had rooms for their relatives.

The Mannings are all miserably thin and undernourished, and the family tension is indescribable. For two years the little girls have not had proper food or clothing, in spite of the fact that the mother has starved herself to give to them. The father doesn't come in at all at noon, when they only try to feed the children. The whole group is utterly discouraged as well as run down physically; even the children are distressed and worried because they know their uncle feels he can not take care of them any longer.

Philadelphia has gone through four periods when there was no money for unemployment relief.

The CHAIRMAN. Mr. de Schweinitz went into that when he was here.

Miss HALL. Well, it is here, but I will not give you that.

The CHAIRMAN. You were going to give it to us?

Miss HALL. I had it summarized.

The CHAIRMAN. Perhaps it would be well to put the summary in.

Miss HALL. From May to November, 1930, there were no relief funds for the unemployed. The principal private relief agencies did not have sufficient funds for unemployment cases and there were no public funds available.

On November 14, 1930, a committee on unemployment relief was organized and operated on private subscriptions raised through two campaigns until July 15.

This is mainly to show the things that have happened in the city and to illustrate how they operate in family life. Every time there is a big change in the administration of relief in a city it means, generally, that all of the families being helped have to be transferred from one agency to another, and there are then periods in which they do not get food, and when they have to reapply to a new office there is great misunderstanding and a great deal of hardship imposed on the individual through our own lack of coordination and long-time planning.

From June 6 to July 15, 1931, grocery orders were discontinued. Milk for young children and the sick was carried on until July 15.

On July 15, \$3,000,000 was borrowed by the city of Philadelphia for relief. A municipal bureau of unemployment relief was organized.

By December 23 the municipal money was exhausted. The bureau of unemployment relief passed out of existence, with 46,151 families receiving relief. On the same day the committee on unemployment relief, with \$4,600,000 private funds raised through a united campaign, took over the work of the municipal bureau.

April 11, 1932, the funds were exhausted, and help for the unemployed discontinued until April 22.

April 22, 1932, the municipal bureau of unemployment relief was reestablished to administer funds made available through a State appropriation of \$10,000,000—\$2,428,533.75 of which was apportioned to the city of Philadelphia. As there were no funds for administra-

tion under the act, the costs were met from private funds turned over from the committee for unemployment relief.

On June 25 the funds were exhausted and help for the unemployed discontinued until August 19, 1932.

On August 19, 1932, \$12,000,000 was appropriated by the State. A State emergency relief board was formed. It has taken nearly four months to catch up with their applications.

Since that time a Federal loan of \$11,304,000 was made to Pennsylvania by the Reconstruction Finance Corporation.

During eight weeks there was no relief for the unemployed families in Philadelphia, and we made a study of what happened. We are asked so many times just what does happen to families; we are told that they do not drop dead on the street; and, if I may, I would like to give you some excerpts from that study, which was published in the survey in the November, 1932, issue.

The CHAIRMAN. We will be very glad to have it.

Miss HALL. This study was made under the Community Council of Philadelphia by Ewan Clague with the cooperation of the settlements in Philadelphia and hospital social-service departments. I will read a little of it:

People do not starve to death when relief stops; they just starve by the margin with which life persists, maintained by the pity of their neighbors and by a sort of scavenging on the community.

Relief stopped in Philadelphia on June 25. For months 52,000 destitute families had been receiving modest grocery orders and a little milk. Their rent was unpaid, their credit and their borrowing power exhausted. Most of them were absolutely dependent for existence on the food orders supplied through State funds administered by the committee for unemployment relief. Then there were no more funds, and relief—except for a little milk for half-sick children and a little Red Cross flour—was suddenly discontinued. And Philadelphia asked itself what was happening to these 52,000 families. There were no reports of people starving in the streets, and yet from what possible source were 52,000 families getting enough food to live on?

It was a fair question; and the community council, with the cooperation of 10 settlements and the social-service departments of 6 hospitals, set out to find the answer by a special study of 400 families who had been without relief for a period varying from 10 to 25 days. The families selected were known to the settlements or hospitals in some other than a relief capacity. They were not picked out as the worst cases, but as fairly typical of the 52,000.

I shall not follow the whole study, but I think this summary will be interesting:

The families rustled for themselves as much as they could. A common source of supply for one group was the docks where fruit and vegetables for market are sorted. Children and adults hung around the stalls and snatched at anything that was cast out. Occasionally they were able to make off with good produce, but the police were watchful and such enterprise was often disastrous. Street begging was only occasionally resorted to, said the investigators; likewise the petty thieving of milk and groceries from doorsteps. There is little doubt, however, that gifts of food from groceries, reported by a considerable number of families, was usually obtained by a form of begging. Children, it seems, had the habit of going to a store and by pleading hunger inducing the grocer to give them a little food. Children ran errands for grocers, watched pushcarts, did anything in exchange for fruit or vegetables. The myriad ways in which a family, its entire attention concentrated on food—just food—succeeded in obtaining it constitutes abundant evidence of the ingenuity and perseverance of these people.

As a result of all these efforts, what did these families have? What meals did they get and of what did these meals consist? About 8 per cent of the total number were subsisting on one meal a day. Many more were getting only two meals a day, and still others were irregular, sometimes one meal,

sometimes two, occasionally, by great good fortune, three. Thirty-seven per cent of all families were not getting the normal three meals a day.

I will omit part of this. In conclusion it is stated:

The Bakers, the Beccarias, the MacIntyres, and the other 397 families visited did not starve to death when relief stopped. They kept alive from day to day, catch-as-catch-can, reduced for actual subsistence to something of the status of a stray cat prowling for food, for which a kindly soul occasionally sets out a plate of table scraps or a saucer of milk. What this does to the innate dignity of the human soul is not for this writer to discuss. What it does to the bodies and the social attitudes of adults and children is something that we shall know more and more about for years to come. And these 400 families were, remember, a fair sampling of 52,000 from whom relief was withdrawn. What happened to the 400 happens in greater or less degree to the 52,000, and will happen again if the exigencies of the winter should force another discontinuance of food orders.

The CHAIRMAN. I think it would be well to have the article incorporated at the conclusion of your testimony.

Miss HALL. Very well.

When relief stopped, what do they eat? I have records here of what happened in three families in my neighborhood. They were included in that study, and they might interest you. There were 12 people living in the first house, one family of 5, and a grandmother, and another family of 6.

The CHAIRMAN. Were they related?

Miss HALL. Yes; they were related. The relatives in one family had taken the other group in when they had been put out of their own house. In the first family, the children were 7 years, 5 years, 3 years, and 6 months old, respectively; in the second family the children were 11, 8, and 7; and for the two months when relief stopped in Philadelphia they managed to live with help from the neighbors and through Red Cross flour. During that time the mother lost 43 pounds. We tried to find out exactly what they did. Saturday, three days before the call was made on them, they had borrowed \$1 from the landlord. On Saturday morning they had had no breakfast, they had no lunch, but they had had vegetable soup for dinner. They had had nothing to eat on Sunday, but they borrowed a dime from a sister-in-law and bought a quart of milk for the baby. The next day the baby had milk, which they borrowed from a neighbor.

"You feel awful mortified to have to send to people for something to eat, and even for a little bit of soap to wash the children." is what I was told.

In the next family there is a child two years old. There was no gas or electricity or heat in these houses of which I am telling, and they had no other source of income beside the neighbors.

In this family the meals, before the visitor called, consisted of the following: They had no breakfast or lunch, but for supper they had two cans of vegetable soup and bread—both had been given by a neighbor. This man worked 12 years in one place. A year ago their house had been sold at a sheriff's sale.

In another family in this group there were seven in the family, including a grandmother and the children, who were 8, 6, 4, and 1 years of age, and they had lived largely on stale buns from the bakery. The neighbors could not help much in this district, because they said no one had much for themselves. For the three meals

previous to the time the visitor called they had each had a cup of black coffee apiece. The mother said she couldn't bear to look at the children. She had looked after them when they were sick before, "but they looked different now, sickness from hunger was worse than other kinds of sickness."

I would like to finish by saying that I have visited a great many families in a good many different parts of the country and have seen how conditions differ and how local responsibility falls down. It seems to me that we are too apt to feel that local responsibility is more important than what actually happens to human beings. I keep thinking that when you are called to fight for your country you are a citizen of the United States, but when you need help you are a citizen of Mingo County, W. Va., or Chicago, Ill., or Philadelphia, Pa.

The CHAIRMAN. What do you say, Miss Hall, about the problem that will be created in the future concerning the rehabilitation of these families, in view of the fact that they have been put through the grinding process of being reduced to destitution, after which they are supported on an intermittent relief basis?

Miss HALL. I do not think that anyone, Senator, who has seen it close at hand, could feel that they were the same kind of people or had the same thing to offer to their communities, either physically or mentally or in moral stamina, after years of this degrading form of relief.

The CHAIRMAN. It works permanent injury?

Miss HALL. Yes.

The CHAIRMAN. Irreparable injury?

Miss HALL. Yes; I think in children, as well as grown-ups, it works an irreparable physical and mental injury that we will be paying for to the end of their lives; I think most people will never be as employable or as good citizens again, nor the kind of citizens that we like to feel that Americans are, with a sense of independence and self-reliance.

The CHAIRMAN. You spoke at the outset of your testimony of the striking contrast with conditions in England, which you visited this summer?

Miss HALL. Yes, this summer.

The CHAIRMAN. As you probably know, some of the opponents of Federal participation in the relief of unemployment have cited what they call the dole system in Great Britain as a horrible example, and as a reason against effective action in this country.

Would you care to comment on that, having seen intimately the operation of the relief system in Great Britain, and the lack of any system in the United States. Do you or do you not feel that the system in Great Britain is more or less desirable than the effects produced in the United States by our haphazard attack upon this problem?

Miss HALL. I would be glad to answer that, because I had heard the things that you say, I went to Great Britain to study them.

As I said before, in my testimony, I feel that anyone who has not seen the people themselves does not know what really has happened to them. I felt all summer that one thing that the people who discussed the demoralization of English working people ought to do was to go over and talk to them themselves.

The CHAIRMAN. Preliminary to that, have you made individual survey of the conditions in this country?

Miss HALL. Yes; for five years I had seen what had happened to our people and I had that as a background when I went to see what was happening to the English workingman.

If I may, I would like to cite two or three examples. In my quest for information, I visited people in the poorer districts of London, of Liverpool, of Manchester, and of South Wales, and I only found one family that was behind in their rent, out of all of those, and they were just two weeks behind, and they were very much distressed.

The whole attitude toward the payment of debts is different from ours of to-day. Our people have been left so that they can not feel that responsibility in the same way. The people in England have a minimum of security, so their sense of obligation has not been impaired.

I went with a rent collector over a great many houses and housing estates and in several areas in England, and I think one of the most striking differences in my mind was the sense of obligation, or the sense of responsibility toward their obligations that was in the British man's mind, even though he was living on unemployment insurance.

And in going over the long work histories with people, you saw how the insurance had come into their lives for perhaps 3 months or 2 months or 1 month, or whatever time it may have been, that they had worked for a year, or two years, and you realized they had something which enabled them to keep up their standard of living in their own communities, over the recurring periods of idleness.

The CHAIRMAN. Did you see any support for the claim which is made that once people get upon a relief basis, with a minimum of security, they have no desire to work again?

Miss HALL. I should say there was more desire to work with them, perhaps, than there is with us. After two or three years of the kind of life our people have to live under relief, I think they are more demoralized and more hopeless, much more helpless than the British workingman, who has been able to keep up some kind of decent standard.

Moreover, they also have their employment exchange system, which gives them something to hold on to and keeps them a part of the social group. Our people drop right out when they are out of a job and can not get work, but in England they are getting unemployment insurance once a week, and having to sign at the labor exchange twice a week. They are listed at the labor exchange, and not lost sight of. That in itself, it seems to me, was a very marked difference.

The CHAIRMAN. Can you tell the committee anything about the contrast, if there be one, between the basis or standard of public assistance given in England, as distinguished from unemployment insurance, and our relief standards?

Miss HALL. In the first place, you have to remember that in England they consider as primary needs rent and food and shelter and heat and clothing. There is just no idea at all that you have solved the problem by paying a grocery order. That is true of the standard insurance benefit, of the transitional benefit, and of public

assistance. These are the three methods by which unemployment is taken care of in Great Britain.

The CHAIRMAN. And they all provide food, shelter, heat, and clothing?

Miss HALL. Yes; they are taken for granted. Of course, the federal funds take care of practically all, or all but 5 per cent of unemployment in Great Britain, and that 5 per cent is paid from local taxes and is taken care of under the poor laws, but the rest is all taken care of through their insurance laws.

The allowance made by the poor laws is slightly under the insurance, as a rule, but if there is any sickness, or any particular reason in a family why there should be more money than the insurance is putting into that family, the poor laws put more funds there to supply the need.

The CHAIRMAN. Have you any further comment?

Miss HALL. I would like to say that I would recommend that anyone who feels that unemployment insurance, or this minimum security makes people helpless—that they not only visit working people in England themselves, but they also visit the labor exchanges and talk with the people who run the exchanges there, and get them to describe, as they did to me, how men fought for jobs in their labor lines, the lines where they waited to get job opportunities in the employment exchanges. The only place in the labor exchanges where they needed any police protection, or where there was any disorder at all was in these lines where the men were waiting to get jobs.

The CHAIRMAN. We thank you very much, Miss Hall.

(The article referred to in Miss Hall's statement is printed in full, as follows:)

[From The Survey, Nov., 1932]

WHEN RELIEF STOPS WHAT DO THEY EAT?

(By Ewan Clague, Director of Research, Community Council of Philadelphia)

People do not starve to death when relief stops; they just starve, with the margin by which life persists maintained by the pity of their neighbors and by a sort of scavenging on the community.

Relief stopped in Philadelphia on June 25. For months 52,000 destitute families had been receiving modest grocery orders and a little milk. Their rent was unpaid, their credit and their borrowing power exhausted. Most of them were absolutely dependent for existence on the food orders supplied through State funds administered by the committee for unemployment relief. Then there were no more funds, and relief—except for a little milk for half-sick children, and a little Red Cross flour—was suddenly discontinued. And Philadelphia asked itself what was happening to these 52,000 families. There were no reports of people starving in the streets, and yet from what possible source were 52,000 families getting enough food to live on?

It was a fair question, and the community council, with the cooperation of 10 settlements and the social-service departments of six hospitals, set out to find the answer by a special study of 400 families who had been without relief for a period varying from 10 to 25 days. The families selected were known to the settlements or hospitals in some other than a relief capacity. They were not picked out as the worst cases, but as fairly typical of the 52,000.

The count of the 400 families showed a total of 2,464 persons. There were two single persons living alone and a few couples, but there was one household of 15 persons, two of 14, and three of 13. The great majority ranged from five to eight persons per family. In 254 of the families were children of five years or under, many others had older children only, so that the proportion of families with no children at all was comparatively small. There were many mothers with very young babies and a number of pregnant women.

In their effort to discover how these 2,464 human beings were keeping themselves alive the investigators inquired into the customary sources of family maintenance, earnings, savings, regular help from relatives, credit, and, last but not least, the neighbors.

Some current income in the form of wages was reported by 128 families, though the amounts were generally small and irregular, two or three dollars a week perhaps, earned on odd jobs, by selling knickknacks on the street or by youngsters delivering papers or working nights. In only a handful of cases did the income exceed \$10 a week. The great bulk was below \$7 a week and for the whole 128 the average wage income was only \$4.16 a week. And 272 families of the 400 had no earnings whatsoever.

Savings were an even more slender resource. Only 54 families reported savings and most of these were nothing more than small industrial insurance policies with little or no cash surrender value, technically an asset actually an item of expense. This does not mean that these families had not had savings—take for instance the Baker family, father, mother, and four children. They had had \$1,000 in a building and loan association which failed. They had had more than \$2,000 in a savings bank, but the last cent had been withdrawn in January, 1931. They had had three insurance policies, which had been surrendered one by one. Both the father and the oldest son were tuberculous, the former being at the moment an applicant for sanitarium care. This family, intelligent, clean, thrifty, and likeable—one of the thousands at the end of their rope, had had savings as a resource even a year ago—but not now.

The same situation, it was found, prevailed in regard to regular help from relatives. In the early stages of the depression a large proportion of relief families could count on this help in some form. But of our 400 families only 33 reported assistance from kinsfolk that could be counted on, and this assistance was slender indeed: a brother paid the rent to save eviction, a brother-in-law guaranteed the gas and electric bills, a grandmother, working as a scrubwoman, put in a small sum each week. Most of the relatives it was found was so hard pressed that it was all they could do to save themselves. As a matter of fact many relatives had moved in with the families and were recorded as members of the household.

In the absence of assets or income the next line of defense is credit. But most of the 400 families were bogged down in debt and retained only a vestige of credit. Take the item of rent or building and loan payments: 349 of the families were behind—some only a month or two, some for a year, a few for two or three years, with six months as the average for the group. The total indebtedness for rent amounted to about \$41,000 an average of \$120.78. A few landlords had grown impatient and evictions had resulted, but on the whole the contribution of the landlords of Philadelphia to unemployment relief in the form of unpaid rent has been very substantial. Nearly three-fourths of the families reported debts other than rent, with their credit to grocers, milkmen, coal dealers, and so on used to the limit. At least two-thirds of the families owed for gas and electricity, or both, but these items rarely ran above \$5, since the companies cut off the supply at about that level of indebtedness. Few grocers' bills ran beyond \$50—the bulk ranged from \$1 to \$25. Occasionally the grocers were unwilling to risk very much and the nonpayment of very small bills stopped further credit. Milk bills were less frequent and seldom amounted to as much as \$15. Other types of debts were varied in character. Substantial money loans from friends or loan companies amounting to \$100, \$200 or even \$300 were occasionally noted. Overdue instalments on furniture were frequent, a few cases of debts for taxes, water rents, furniture storage, and doctors were mentioned. One family reported owing \$5 to the church.

In numbers the outstanding debts were to grocers and other food retailers, though the amounts averaged smaller than any other type of indebtedness. The outstanding feature of the loans was their size—an average of \$160 each, whether friendly or commercial. It is surprising that families were able to borrow such sums on what was obviously unsubstantial prospect of repayment. The reasons were, probably, that relatives and sometimes friends were more or less compelled by duty to carry the family, that the loans were a hangover from previous prosperity and that notes undoubtedly had indorsers so that the lending concerns were pressing other persons for payment. In any case this group of families had small chance for any further loans, commercially or friendly.

For an instance of how the load of debt mounted up consider the Beccaria family. Threatened with a second eviction, behind in gas and electricity bills, they owed \$45 to the grocer and \$112 to the baker, this latter item having accumulated over two years. They owed \$45 to a downtown department store, \$200 to a brother, \$150 to a cousin, and a 6 per cent commercial loan of \$300. Their troubles were complicated by a variety of health problems which were not improving under a diet of bread, potatoes, and spaghetti.

Thus, then, the picture of the 400 families shaped itself: Generally no income, such as there was slight, irregular, and undependable; shelter still available so long as landlords remained lenient; savings gone; credit exhausted.

But what of food, the never-ending, ever-pressing necessity for food? In this emergency the outstanding contribution has been made by neighbors. The poor are looking after the poor. In considerably more than a third of the 400 families the chief source of actual subsistence when grocery orders stopped was the neighbors. The supply was by no means regular or adequate; but in the last analysis, when all other resources failed, the neighbors rallied to tide the family over a few days. Usually it was left overs, stale bread, meat bones for soup, a bowl of gravy. Sometimes the children are asked in for a meal. One neighbor sent two eggs a day regularly to a sick man threatened with tuberculosis. This help was the more striking since the neighbors themselves were often close to the line of destitution and could ill spare the food they shared. The primitive communism existing among these people was a constant surprise to the visitors. More than once a family lucky enough to get a good supply of food called in the entire block to share the feast. There is absolutely no doubt that entire neighborhoods were just living from day to day sharing what slight resources any one family chanced to have. Without this mutual help the situation of many of the families would have been desperate.

The families rustled for themselves as much as they could. A common source of supply for one group was the docks where fruit and vegetables for market are sorted. Children and adults hung around the stalls and snatched at anything that was cast out. Occasionally they were able to make off with good produce but the police were watchful and such enterprise was often disastrous. Street begging was only occasionally resorted to, said the investigators, likewise the petty thieving of milk and groceries from doorsteps. There is little doubt however that gifts of food from grocers, reported by a considerable number of families, were usually obtained by a form of begging. Children, it seems, had the habit of going to a store and by pleading hunger inducing the grocer to give them a little food. Children ran errands for grocers, watched pushcarts, did anything in exchange for fruit or vegetables. The myriad ways in which a family, its entire attention concentrated on food, just food, succeeded in obtaining it constitutes abundant evidence of the ingenuity and perseverance of these people.

As a result of all these efforts, what did these families have? What meals did they get and of what did these meals consist? About 8 per cent of the total number were subsisting on one meal a day. Many more were getting only 2 meals a day, and still others were irregular, sometimes 1 meal, sometimes 2, occasionally by great good fortune, 3. Thirty-seven per cent of all families were not getting the normal three meals a day.

When the content of these meals is taken into consideration the facts are still more alarming. Four families had absolutely no solid food whatever—nothing but a drink, usually tea or coffee. Seventy-three others had only one food and one drink for all meals, the food in many cases being bread made from Red Cross flour. Even in the remaining cases, where there were two or three articles of food, the diets day after day and week after week consisted usually of bread, macaroni, spaghetti, potatoes, with milk for the children. Many families were getting no meat and very few vegetables. Fresh fruits were never mentioned, although it is possible that the family might pick these up in the streets occasionally.

These diets were exceedingly harmful in their immediate effects on some of the families where health problems are present. In a number of cases the children are definitely reported on a hospital diagnosis as anemic. Occasionally the adults are likewise affected. The MacIntyre family for instance: These two older people have an adopted child 8 years of age. The husband is a bricklayer by trade and the wife can do outside housework. They have had occasional odd jobs over the past year but have been very hard pressed. For the three meals immediately preceding the visit they reported the menus as follows: Dinner, previous day, bread and coffee; breakfast, bread and coffee;

lunch, corn, fish, bread and coffee; one quart of milk for the little girl for the entire three meals.

Also their health problems were serious. The wife has had several operations, the husband is a possible tuberculosis case, and the child is underweight. All three have been receiving medical attention from a hospital for the past three years. The little girl has been nervous, has fainted at times, and is slightly deformed from rickets. Being undernourished, she needs cod liver oil, milk, oranges, and the food which was possible only when the family was on relief. She went to camp for two weeks and returned up to weight and in good spirits. But relief was cut off while she was away and she came back to meals of milk, coffee, and bread. In the short time at home she had become fretful and listless, refusing to take anything but milk. This whole family promised to be in serious health difficulties if their situation were long continued.

The Bakers, the Beccarias, the MacIntyres, and the other 397 families visited did not starve to death when relief stopped. They kept alive from day to day, catch-as-catch can, reduced for actual subsistence to something of the status of a stray cat prowling for food, for which a kindly soul occasionally sets out a plate of table scraps or a saucer of milk. What this does to the innate dignity of the human soul is not for this writer to discuss. What it does to the bodies of the social attitudes of adults and children is something that we shall know more and more about for years to come. And these 400 families were, remember, a fair sampling of 52,000 from whom relief was withdrawn. What happened to the 400 happened in greater or less degree to the 52,000, and will happen again if the exigencies of the winter should force another discontinuance of food orders.

STATEMENT OF MISS HELAINE TODD, FAMILY SOCIETY OF PHILADELPHIA, PHILADELPHIA, PA.

The CHAIRMAN. Will you give your full name and address and present position, Miss Todd?

Miss Todd. My name is Helaine Todd, and I am with the Family Society of Philadelphia, at 311 South Juniper Street. I am what is known as a case worker; that is, a visitor to these families.

The CHAIRMAN. In connection with your case work you have become familiar with the situation confronting families who are unemployed and are on relief when relief was available?

Miss Todd. Yes.

The CHAIRMAN. The committee will be grateful to you, Miss Todd, if you can give us a picture, by the use of typical examples, of the situation as you have found it among those families in Philadelphia.

Miss Todd. I would like to say as a preface that the work of the Family Society, which is a private relief organization, so far has not directly involved any situation in which there was a cessation of relief given to families. However, in addition to our own work, we have lent our services to help the local unemployment relief organization, as they were handicapped in not having sufficient workers. This has built up a contrast between what has happened to the families which have had to exist on inadequate relief under the grocery-order system and the families for whom our own agency is able to make more adequate provision.

I understand that the unemployment situation in Philadelphia has been presented to you recently by Mr. de Schweinitz.

The CHAIRMAN. In a general way; yes.

Miss Todd. If I may risk being a bit repetitious, I am going to mention the current relief figures that I am sure that he brought to you. For my purpose they form a background for the picture of the particular group that I intend to present.

Three types of figures would seem to present the essentials of that background. In December, 1932, 50,155 families received relief from the county relief board. These were big and little families, old and very new families. The average amount of the weekly grant, in the form of a grocery order, from September to December 31 equaled \$4.23. There was a provision for coal and milk, but there was no provision for rent or anything beyond that.

The third figure, taken from a sampling study, shows that out of every 100 families receiving this relief 22 have had to double up; that is, to move in with friends, relatives, or, in many cases, total strangers, who are kind enough to give them some shelter.

These figures acquire more meaning and are more vivid when considered in terms of specific family situations. It is obvious that anxiety, unhappiness, deprivations, exist in all families where unemployment has occurred; so that the restriction of my discussion to one type of family does not in the least deny the suffering that is known to exist in all types of families.

I have chosen the young married couple. That includes the young married group, where the children have perhaps reached the ages of 4 or 5 years old. The young married family is in a peculiarly defenseless position. Theirs is a newly established relationship. They have brought their individual backgrounds to a mutual situation, which is in itself a new experience in their lives. They are faced with the necessity of adjusting and blending one personality into another. At the time of marriage, they are at the point of stepping out from home environments, where for years there has existed the security of depending on the authority of parents. Outward evidences may indicate a willingness to seek and accept personal responsibility. This is shown by the desire of young people to marry and to establish their own families. Beneath these outward evidences of being grown up and responsible, there is a contrasting wish to return to the comforts of parental authority, where difficult decisions may be made by those who are older and more experienced.

Beyond the struggle the normal person goes through, or the struggle that person makes to get away from home and to establish independence of a separate home existence, there is a heightened and intensified struggle in those situations where young people are met by opposition in the home to the stepping out of it.

In order to work out and carry forward the development of a successful marriage, the young couple or young family group needs to experience some independence, and also the satisfaction of the creation and maintaining of their own home. Having gone through the uncertainty of deciding whether to marry or not, and having succeeded in establishing the intimate adjustment following marriage, the accomplishment of maintaining their own home then depends solely on the factor of employment. If they have been able to work out, between themselves, their own personal adjustments, too, it would be looked upon as a successful marriage.

When the opportunity for employment ceases to exist, one of the main structures is removed from the life the young married family is trying to build. Too great a strain is thrown upon the developing experience of their personal relationships from the marriage to

be maintained. I think, perhaps, it is obvious that what I am trying to get at is this: Unemployment strikes at a fundamental institution—the right of young people to go out and establish their own homes and build up their own lives.

We have heard of much unemployment as it affects old families; but in their relationships a mother and father have had years of association, and they probably have had some success in their own married lives; there is a background which gives them some security, that maintains them for awhile, at least.

That these really are events that happen in people's lives is quite evident in the histories of the young families which I am going to use as illustrations, and I am going to be very trite in naming these families as Jones and Smith and Brown, for the reason that I think they rather represent the young Joneses and Smiths and Browns all over the United States, taking common names for common occurrences. This happens in many, many places.

Mr. and Mrs. Jones have been married a little over two years. They have no children, but a baby is expected in the spring. He was 19 and she was 17 at the time of the marriage. Although they eloped, their plans had not been made in undue haste, but were the result of unjustified opposition from his grandmother and her parents. Her parents had always exploited her earnings.

He had been employed for nine months on a steady job and she was earning praise for successful work in a 5-and-10-cent store. Plans for marriage were on a reasonable basis of adequate income.

Some unhappiness and difficulty had existed in both their childhood homes. Mr. Jones had been reared by his grandparents since his father's death. His mother had been employed and to a great extent lived a life independent of her children, knowing they were well cared for by the grandparents; and as is customary, the boy had some sense of feeling that his mother was not quite a nice person. Shortly before Mr. Jones married, his mother had remarried, and in Mrs. Jones's home a great deal of friction had always existed. She was devoted to her mother, a semicripple, and antagonistic toward her father, because at one time he had drank rather heavily. She had been eager to work, and as soon as her age permitted, secured a job.

At the time they actually got married, their income was perhaps \$30 a week between the two of them. They returned to his grandparents, where, in a very businesslike way, they rented a room in the home and arranged to pay board. They thought this would be a better plan, to thus save their surplus to buy furniture and prepare to move into their home without debt.

In a short time Mr. Jones lost his job. The firm completely closed, and there was nothing he could do about it. Mrs. Jones was able, fortunately, to make sufficient to pay the board at his grandmother's.

This was difficult, because the grandparents, having reared the boy, felt that his wife now had to be his support in their home. That was the position they took, but the two of them stayed there together for several months when, due to the strain of the holiday season in the store, Mrs. Jones became ill. When she recovered, the job was not there any more. That is something that happens so regularly now.

Instantly, the grandparents evicted her, put her right out without any clothing, or anything. It was only by finally going to the police station and threatening an injunction that she even got her clothes.

I think, right there, you can begin to feel what the economic situation has done to people's relationships, in a family which was trying to get on its feet, which had been justified in attempting to get married, and had not been foolish or giddy about what they had done. Yet, here they were, stranded.

She, of course, had to return to her parents. I think that brought some pleasure to her father because he was able to ridicule her and say, "I told you you should not have gotten married. I didn't like him. He was no good, anyway. He worked only a month after you married him." And she had to put up with that feeling in the home.

She was, no doubt, rather glad to be with her mother and to help her. She could not go to her husband's grandmother's, and he could not come to her house. They met, rather surreptitiously, on the corner and the like.

Finally he could not stand his grandparent's attitude and rebelled. So they put him out, and the only shelter he had was sleeping in a vacant room over a garage. His wife let him do this about two or three weeks, and then could not stand it. There was no way she could get any money herself, so she came to our agency.

Her people had been known to us in the past, and she had some acquaintance with certain workers, so she felt a certain hesitancy in seeking a social agency for work. She finally came, on the basis of needing someone to talk with her about what could be done to reestablish her own married life. Since both she and her husband were anxious to have a place of their own, it was possible to make an advance, to aid them in renting a house.

I think right there is a comparison with the public agency which could not have considered such a plan. They had been separated now for two or three months. With no relief for rent for this couple, they would probably have gone on being separated until now a year or so later. Would they have had any married life left after that?

At any rate, they got rooms, but even then that did not satisfy them. They really wanted a home, and they made the unfortunate error that they chose a home across from her parents. I think that was partly because she had gone through so much that she did want to fall back on her parents, and she wanted to be near them. But her father always continued to throw out the accusation that the son-in-law was no good.

It happened that her father did have part-time work so that he had a social status. He could throw out his chest and say, "Nobody is any good that can't work. Look at me. I work." Although his own son is about the same age as his son-in-law, he had never been employed, but that did not seem to make much difference.

The son-in-law again asserted his independence and said, "We are going to move and be by ourselves." I think that is an interesting point in developing the relationship; that they had again established themselves close enough to each other that she preferred instantly to move with him into a neighborhood that he selected rather than be separated.

They have no employment to-day, but in their home there is a sense of something that has a great deal of meaning; there is a sense of self-respect. They are having a baby in the spring.

Here is a rather amusing little incident: He is very fond of goldfish from the point of view of breeding them. He goes out and by various methods catches goldfish in the ponds and pools and brings them home and tries to breed them and sell them. Anybody that would do something that is a little ingenious is advancing. It is not the amount of the money that he makes, but he is not resting on past laurels. She is happy in fixing up the house. That means there is a situation in which perfectly normal happiness exists, and has had an opportunity to exist, because of adequate means of providing the necessities that these two young people need in order to have a home of their own.

A contrasting picture, somewhat along the same line, is that of the Smiths. They have been married about three years and a half, and have a 2-year-old son. The father had been ill; I think it was a tubercular condition. At about 15 or 16 this boy had to take over a great deal of the family responsibility and he had done it successfully. He had always managed to find some kind of work and bring something home.

At the time of their marriage both the man and his wife were working, making very good money. After they were married it was not necessary for her to work any longer; he could take care of her.

Then he, in the fall, gradually began to be reduced. First one day would be taken off a week—finally he worked on down to just a few hours of work a week. When he had been reduced to about half time his own anxiety over it became intense, but he never let his wife know it. He went out promptly every morning. He had to go to work out of the city, which took about 45 minutes. He left at the same time in the morning and did not come home until the same time at night, but what he could not stand were the pay envelopes, because they would give him away.

So he came to the family agency. His half pay that he had been getting was reduced to the point where his deception could not be managed any longer. Of course, the agency made no effort to supplement his pay to the extent that would have given him a full envelope to take home to his wife, but a supplementary amount was given which gave them an adequate sum to live on. The wife's health was not very good.

As this man's work got less and less he developed a very interesting anxiety—he became afraid of something falling on him. That may sound a bit far-fetched, but, literally, he was terrified with the feeling that his job would fail on him and he would be pushed out for good.

There happened to be large cranes going back and forth at his work, and all day he was terrified that one of those things would drop something. There were no accidents in the factory that would give him a basis for that feeling, but his own anxiety of just being pushed out; he constantly saw himself being obliterated by something. He became afraid of automobiles on the street.

That is a case where unemployment invades actual mental health; if a person becomes overanxious, that fear takes on such a real meaning to them that it hampers their actual lives. All of this had occurred. This feeling had developed before he became known to the agency, and for some time afterwards it continued. It took a rather consistent, steady sense of understanding on the part of the

case worker of the society to finally bring him back to a feeling of some ease, some comfort.

He eventually did lose his job. Had he lost that job without being able to get anything more than \$3.50 grocery order, with no means of paying his rent, with the anxieties he had developed there would have been little question but that this man would have become a patient for a mental hospital, which would have been a continuing and permanent expense on the State or the city, for his care, if adequate encouragement and care might not have been given him in the beginning.

I think another thing that is brought out in both of those cases is the anxiety that the wives develop. I have seen that friction in wives, young and old, when the husband is not working. There is a certain implication that she has had something to do with it, and there is a quarrelsome friction that I think perhaps I can explain a little more clearly here.

Although the events in the lives of these two families seem widely different, apart from the common circumstance of unemployment, there is a trend of similar experience through which they are both still living.

At the time of the marriages they both had shown themselves to be successful, ambitious couples. By their willingness and ability to work, they proved themselves adequate to assume marital responsibility. The anxieties of unemployment brought out in each situation weaknesses which threatened the harmony and permanence of their lives together. Loss of work, instead of being seen as a circumstance outside the power of the individual to control, became instead the symbol of the husband's failure.

When these men are on the street, and they meet, and their neighbors have employment—when all of these unemployed people know it is nothing that they did, that the factories simply do not have orders and have been closed down; they have heard their employers saying that they were splendid fellows, but there is nothing to do—they have a sense of failure for what has happened. And the man has the fear and is burdened with the guilty feeling that there must be something he could do.

Mr. Jones's failure was marked in terms of competition, because his wife had been able to remain employed longer than himself. Mr. Smith felt his grip on success slipping by degrees, as his hours of work were more and more reduced, while his wife's anxiety grew. It is no wonder Mr. Smith described himself as "sick and shaking all over" from spending day after day on the street so that his wife would believe he was at work. His wife had long ago given up any belief in that fairy story, but he could not bring himself to come home. He had to go out and go through all of the gestures that they had shared together in his previous working experience.

For the wives there was also a sense of failure, which like that of their husbands was based not on the reality of their circumstances, but on the apprehensions arising from financial insecurity. They too often fail to see that loss of work was no fault of the individual.

The wife's fear was that her husband's love did not have the comfort it once held for her, which meant failure to her. Nagging, anxiety about his willingness to seek work, and quarrelsomeness resulted only too quickly from her fears.

That separation did not occur in either instance was due, first, to the provision by the family society of a reasonably adequate sum to provide the maintenance of a home, not only by giving money necessary for food, but also by providing that the rent might be paid. The second factor which helped to prevent domestic disaster was that each family found in a case worker or family visitor some one to whom they could turn with their fears and distress, and find understanding and encouragement.

In both families there was the problem of children to be considered. One child had for two years been absorbing the sense of friction between parents, and feeling the vague terrors that are so real to childhood. In the Jones family, their baby will soon be born. Is not this baby's life more safely protected because it is possible by the family society to help the Joneses really maintain their home? Does not the Smith child have a handicap to overcome because of the period of insecurity it experienced?

The word of pediatricians is an accepted doctrine now, that—

In the case of adults the ill effects of undernourishment can be remedied by a change in diet, but the children are in danger of being permanently stunted in both body and mind. No amount of good food later can undo the damage wrought during the growing years.

An equally important fact, which is not so clearly understood, is that scientific studies have been made in the emotional development of the child. It is known now that the whole question of mental health in adulthood is dependent on the development of mental health in the child.

An internationally known psychologist and psychiatrist has defined, in a recent book, the factors that contribute to mental health in the child. I will just quote that definition:

There can be no doubt that the existence of happy and harmonious relations between the parents and between the child and the parents is of underlying importance for successful emotional development and mental health.

The child needs the security of a stable and comfortable place. Parents can no more give the emotional necessities of life to the child than they can give food, unless the means for securing it exists, and in giving emotional security, that can be given only if the parents have it themselves.

I think we have a case to prove both points in the circumstances of Mrs. Brown. This is said to show what will happen in the future from the present unemployment.

In 1921 and 1922 we had unemployment; we do not need to say, "This is what might happen." Here is the case that we can point to; this is what has happened:

Mrs. Brown went to a mining community in West Virginia with her husband immediately after their marriage, and for nine months he had regular employment. After that there was no employment for a year, and during that time they probably were on as near a starvation level as they could be and still live to pull through that year. Their first child was born at that time. There was no medical care, no adequate food, nothing that Mrs. Brown needed.

In 1924 she came to Philadelphia; she and her husband moved there. Each secured work but they immediately lost their jobs because the health of the two of them had been so undermined that

they did not have the stamina to hold their jobs. They went to a clinic and from there they were referred to the Philadelphia Society, and ever since Mrs. Brown has had clinical care. She has been in almost every hospital in the city. No matter what medical care is given to her, she can not possibly recover physically from that year she spent in 1921, when there was not sufficient food, when there was no organized means of granting relief in that community in West Virginia.

She was about 17 years old at the time, so she might be classed as adolescent in age and thus was affected by malnutrition in a permanent way.

Now, in regard to the emotional situation: The child born there has never been strong either in health. He has been with his mother at most of the clinics, but he is stronger physically than she is, because he got to the clinics quicker than she did. But emotionally—in the sense of responsibility between human beings—that child has never been adjusted. As a baby he was sent to hospitals and he was sent to a nursery in order that the mother might have rest and have a chance to get well herself. The nursery gave him all of the attention they could to make him better. But now he is a 10-year-old boy in school and can not get along with anybody. There have been many efforts to do something about it. It seems to me that that proves the statement of the psychiatrist that a child needs to be born into a normal mental situation in order to grow up and have mental health.

Is it enough that plans for help of the unemployed should center about relief as contained in a grocery order? Is it enough that extreme need should be thought of as existing solely on a physical level? In the lives of these people whose stories have been told you there was need arising from physical deprivation, certainly, but which found its outlet in feelings of fear, anxieties, and mental breakdown.

We who have jobs, and for whom life holds the securities that mean happiness, must give money, not only for grocery orders and coal but enough to maintain the basic needs of life, in order that people may have a sense of security in their living, a continuity from week to week and month to month, knowing that they are going to be helped and are not going to be forced upon the generosity of friends, relatives, or other people to take care of them, so that they may again have the dignity of human beings and the right to get things for themselves. That can not be provided in an automatic way, or in a wholesale plan, or as is done by grocery orders.

The CHAIRMAN. We thank you very much, Miss Todd.

STATEMENT OF MISS ANNA D. WARD, GENERAL SECRETARY FAMILY WELFARE ASSOCIATION, BALTIMORE, MD.

The CHAIRMAN. Miss Ward, will you please give your full name and position and address?

MISS WARD. My name is Anna D. Ward, and I am general secretary of the Family Welfare Association, Baltimore.

If I may, Senator, I would like to give briefly a little testimony concerning the status of relief in a community where the situation

has not been as extensive, or as bad as in some of the cities concerning which you have heard, and where the community itself has been able to maintain a continuity of relief to the families.

Baltimore, and Maryland, as you probably know, got into this depression about a year later than many other places. Baltimore and Maryland have a tradition of private relief, as distinguished from public relief; and prior to 1932, practically all of the relief work of the city of Baltimore and throughout the State was done entirely by privately supported agencies. And, as you know, we have never reached the heights of prosperity of many other places, and we do not believe, even now, we have quite reached the depths of the depression that many other places have reached.

In March of 1932 the private agencies reached the end of their resources. Throughout this year the relief work has been financed by public contributions from the city treasury, though it has been administered through the private relief agencies of the city. The city has appropriated, in the last 14 months, about \$3,500,000. But the city has reached the end of its resources now, and for 1933 we expect to be dependent upon a State bond issue.

The agency which I represent has administered about 85 per cent of the emergency relief of Baltimore City. About 10 per cent of that relief is given on the cash basis. We have experimented with both the method of distributing relief in kind and on the cash basis. Mr. West referred to that in his testimony, and I should like to say that, having experimented with both, we feel that cash is very much more desirable from the point of view of most of the persons receiving it. It is certainly much less expensive than any system of grocery orders.

It gives an advantage, also, in that it does serve to distribute the trade which the agency provides over a larger number of merchants than it would in the case if we were giving only relief in kind.

The food allowance which is being given by the agency which I represent is given on an average of \$1 per week per member of the family; that is, for persons in health. We do give more when a person is ill, or when a special diet is needed.

One dollar per week per member of the family enables the family to be maintained in health, provided they keep to the very narrow selection of food suggested. They are always told that we can not take care of their individual food habits, and they must exercise will power in giving up their likes and dislikes in food. There is no margin for making mistakes, either; no margin for taking care of special tastes.

The rent problem is one of our greatest difficulties. At the present time we are paying rent only when eviction is about to take place, not merely when an eviction notice has been threatened or has been given. We wait to the point where actual eviction has taken place.

The number of eviction notices being served in Baltimore is probably about five times what they were last year; but at the present time no more eviction notices, or very few more, are being given than were given a year ago, and very few actual evictions take place. Of course people go into less expensive quarters and double up with friends. They go into poor neighborhoods or newer neighborhoods.

We also find that when we give money for a food allowance, they will take the money even from that in order to give something to the landlord. It would not make any difference if we gave food in kind; they would manage to dispose of some of it in order to pay the rent, because they feel there must be some way whereby they can have a kind of shelter. When we were giving relief in kind, we found that it was not uncommon for many people to sell a package of food that we had given them in order to get money to satisfy the landlord.

The landlords, because of our inadequate rent funds, are combining to prevent taking families into their houses. They are unwilling now to take relief families into their houses if they can find out ahead of time that the families are receiving relief. They told us they can not afford to take our families, because they are unable to pay any taxes if we are unable to pay any rent.

We checked up on a number of our houses to see if that really was true. In the middle of December, which was close to the end of the calendar year, we checked up on 500 houses occupied by families of the people under our care, and found that it was perfectly true; that the landlords paid taxes on about 35 per cent of those homes.

I do not know whether we are going to be able to arrange for adequate rent funds. We hope to arrange something that will pay the rent on the basis of taxes, water rent, and so forth, and something to take care of the ground rent and repairs on the houses.

Other forms of relief are given as emergency measures, when a family is unable to get any sort of help elsewhere. The average amount of relief per family now being given in Baltimore is about \$6 per week per family. Last week it was a little bit less than that, \$5.30. Social workers, generally speaking, feel that it is far from adequate; that probably twice that amount would be needed before we could say we are giving adequate relief.

In the city, conditions are somewhat better than in some of the counties. In one of the counties of Maryland during December, we know—even though we do not actually know how many families were dependent—that the relief agency of that county gave out 1,100 bags of Red Cross flour; that there were 300 families who had no work; 275 who had only one or two days' work. Yet the amount of money that was given in addition to the Red Cross flour in that county in December was \$400—\$300 being represented in donations of food and \$100 in cash expenditure.

In that county the food allotment, in addition to the Red Cross flour, could certainly not have been more than \$1 per month per family receiving assistance.

The CHAIRMAN. Was that a rural county?

Miss WARD. That was a rural county—a mining county.

I would like to say a word to you about the effect of unemployment and relief needs upon the families. Miss Todd has gone rather thoroughly into that and I will be rather brief.

The Jewish Social Service Bureau, which is one of our relief agencies, made a study not very long ago to learn something of the effect of relief needs and unemployment on families. They found out many things which I think we all have rather felt have happened to these families.

In about 62 per cent of the families they found that there is a strained family relationship, such as Miss Todd described—quarrelsomeness, lack of confidence, worry, and in many instances there is difficulty taking form and described as anxiety state.

The CHAIRMAN. Would you say that this survey was a fair sample?

Miss WARD. I think it was a fair sample, but it was a small sample.

The psychiatric clinic, which is a branch of Johns Hopkins Hospital, made a study of the admissions during the years 1928 and 1929, as contrasted to the years 1931 and 1932. The doctor who made this study, of course, was in no way connected with the relief work and was not attempting to prove anything about relief needs or the effect of employment. He found that the increase in the number of admissions to the dispensary, though there was an increase, was not very abnormal in numbers. But he found that the causes why the people were admitted had changed. I would like to read one or two pages from Doctor Reeny's study:

When we turn to the psychiatric page, we find an increase of 248 to 330 patients, or a percentage increase of 27 per cent to 31 per cent of the total admissions. This year's increase in psychiatric numbers are 4 per cent of all the admissions, resulting almost entirely from the increase in each group of the so-called reacting depressions (those cases which represent reaction to definite participating factors by collateral symptoms).

Quoting again from Doctor Reeny:

Even in the complaint of a child, this year, anxiety states and the depressions have been conspicuous. In almost every instance the illness can be traced to insecurity resulting from unemployment and overcrowded living conditions.

Anxiety states express themselves through such means as Miss Todd described, or through symptoms described by the patient—repeated headaches, rapid heart beats, suffocation, that not only distress the patient, but keep the patient in that condition and upset the entire household.

In fact, the Phipps Clinic has quite a number of families where the wife or husband has suffered from this anxiety state until their condition was very close to needing hospitalization because of that sort of illness.

For example, there was one woman there, the mother of seven children, who had a very stable sort of husband, a man who earned a good living for them, but who had been obliged to seek assistance. If her assistance from the Family Welfare Association does not come the very day she expects it, she is apt to have one of these anxiety attacks. That not only affects the older people, or the heads of the families, but it affects the younger people.

For example, there was a boy of 19, of good family, who, with his younger brother, became the wage earner, the man of the home, when the father lost his job. The boy began to develop all sorts of fears in relation to the situation. He is now in such a bad condition that he does need treatment, not in a hospital, but from a dispensary.

Inferiority feelings, of course, arise with people. We had this illustrated in one man who had decided to desert and did desert his family. When he was found and asked the reason for desertion the only reason he could give was that he must be no good, that nobody wanted him, that he could not find a job, and that he could

not support his family. He said he was no good and he figured he might as well be away from his family.

I do not believe it is necessary to go into any more cases or illustrations. I can go into it, but it would show exactly the same sort of things that I have told you about.

The CHAIRMAN. I think you might give a few more of the typical cases, if you have them.

Miss WARD. Well, here is one other man and his wife. The man has been out of work for two years. He makes an average of about \$20 a week when he can work, and they have lived on their savings during these two years. His wife was an invalid and had to have an amputation and a good deal of medical treatment, so that their savings did not last as long as perhaps they might have otherwise. There are no children in the home.

He had worked in one factory for 30 years. He is now thoroughly depressed. He is threatening suicide, and the outlook for him is pretty bad unless something can be done to give him a means of security and reassurance.

Here is another, the family of a man who worked for one of our railroads 15 years. He was buying his home when he was laid off. They first tried to rent a part of the home, but they could not make a go of it. They rented all of the home and moved out and still could not make a go of it, and they finally lost their home. Now they are living in two rooms over a store. This man is depressed. His wife is not very sympathetic with him. She threatens to leave home unless he can do something more adequate for her, and their home situation is altogether very bad.

There is a family under our care at the present time in which the man is probably 60 years old. He has been in business for himself. When his business was at its best he had an office in Baltimore and another office in Philadelphia. For a number of years, of course, he has had less and less business, and less and less opportunity for work. They lost their own home.

This man is feeling now that every man is against him. He is suspicious of everybody, resentful of his unemployment, resentful of the fact that they have to get relief.

He has moved his family, consisting of his wife and six very attractive children, into two rooms over a store in a neighborhood that is rather far away from their former associates, and he does not want to move into something better. He feels that he is hidden away there. He is almost like an animal trying to hide from people who are hunting him. He does not want to bring his children out into larger quarters because then he thinks more people would meet them and know about them.

Just one more family that we have, in which there is a man who is a semiskilled worker and who had worked about 15 years for one company until he lost his job. He had an excellent record. He started out very hopefully to find work, but could not find work. He did find a few odd jobs, but then they gradually became further and further apart.

He was buying his home. The building and loan association gave him a great deal of time. They thought they could tide him along, but they finally foreclosed on the house, and he moved into a distant

part of the city over what was supposed to be a soft-drink place. The family had pretty high standards. The wife had already become very much disturbed over all of this moving and this insecurity, and it was not long before they found that the place over which they were living was not really a soft-drink place at all, but it was a bootlegging place.

Shortly after that, the man was offered a position running a still in a house next door to where they were living. The wife objected very much. Meanwhile, she had seemed to have changed from a good housekeeper into somebody who took no interest in her home. She was no longer interested in what the children were doing.

Pretty soon the house next door was raided, the man was arrested, and the family came to the attention of the social agency when the wife attempted suicide by poisoning.

That is, perhaps, extreme in some ways, yet we have at least one other family where almost that same situation is being repeated.

Undoubtedly, inefficient or inadequate relief does have a bad effect on families; and, undoubtedly, many of these families are going to be so hurt that they are never going to be the same citizens again.

On the other hand, we have been very much impressed by the fact that people do not want to stay—the better type of them do not want to stay on relief any longer than they absolutely have to. We have had many illustrations of people who have come to us and said, "So-and-so has gotten a job; it may not last long, but we are not going to need any relief from you any longer."

In the autumn, through September and October, when there was a slight improvement, apparently, in business conditions in Baltimore, and some people were being taken back on their old jobs, various of the families who had formerly come to us for assistance said they did not need help any longer. Fewer families came to us for assistance, undoubtedly reflecting that situation.

Of course, there are some families, some individuals, who at times like these would take advantage of the situation and would want to get relief, when they perhaps should not have it. But the majority of them do not want it, and they will cease asking for it at just the very first moment that is possible.

The CHAIRMAN. We thank you very much, Miss Ward.

The committee will stand in recess until 10 o'clock to-morrow morning.

(Whereupon, at 4.30 o'clock p. m., the committee took a recess until to-morrow, Wednesday, January 11, 1933, at 10 o'clock a. m.)

FEDERAL AID FOR UNEMPLOYMENT RELIEF

WEDNESDAY, JANUARY 11, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee reassembled, pursuant to the recess of Tuesday, at 10.30 o'clock a. m., in room 312, Senate Office Building.

Present: Senators La Follette (chairman) and Cutting.

The CHAIRMAN. The subcommittee will be in order.

STATEMENT OF MRS. HELEN GLENN TYSON, ASSISTANT DEPUTY OF WELFARE, STATE DEPARTMENT OF WELFARE, HARRISBURG, PA.

The CHAIRMAN. Mrs. Tyson, will you please give your full name, address, and present position?

Mrs. TYSON. Helen Glenn Tyson, assistant deputy of welfare, State department of welfare. I am located in Pittsburgh, connected with the State department in Harrisburg.

The CHAIRMAN. Are you familiar with the unemployment relief situation in Pennsylvania?

Mrs. TYSON. Yes. Last year our department gave a great deal of time during the year in organizing communities and in fact-finding for the governor's office. In the summer, at a special session of the legislature our State emergency relief board was created. Since that time our department of welfare has been closely connected with the work through the loan of workers, and so forth.

The CHAIRMAN. The committee is very much interested in having any information concerning the situation in Pennsylvania which you think would be helpful.

Mrs. TYSON. For the sake of accuracy, I have prepared a brief statement which I will read.

In April, 1930, the United States census figures showed 325,402 workers unemployed in Pennsylvania. In November, 1932, 1,099,841 workers were unemployed. In the State as a whole about 30 per cent of the workers are unemployed. Sixteen counties, principally the larger industrial and coal mining counties, showed 30 to 39 per cent of their workers unemployed.

Last May I reported to this committee that we estimated that some 250,000 families in Pennsylvania were on relief. In December, 1932, seven months later, 397,279 families were receiving relief.

During the year 1932 it is estimated that about \$4,000,000 was spent from local taxes; \$16,500,000 from State funds, and \$12,800,000

was received from the Reconstruction Finance Corporation. During December \$8,604,000 was spent for family relief in Pennsylvania. The relief load is rising steadily with a monthly addition of 40,000 to 50,000 families. Without doubt, it will be over the 400,000 mark in this present month. In the 12 counties in southwestern Pennsylvania, 143,000 families, or about 700,000 individuals, were on relief in December, 1932.

The CHAIRMAN. Does that embrace the coal regions?

Mrs. TYSON. That includes the southwest counties—bituminous. It does not, of course, include thousands of workers who have 1 day's work in 2 weeks or 1 day a week—far below the minimum standard of living, but not receiving relief and not counted as unemployed.

The CHAIRMAN. Do you mean that if the head of the family has any work at all he is not eligible for relief in Pennsylvania?

Mrs. TYSON. It has been the practice in a great many counties to give no relief if there is any income whatever.

The CHAIRMAN. Regardless of how meager it may be?

Mrs. TYSON. Yes. During this last month that practice has been somewhat liberalized.

The CHAIRMAN. To what extent?

Mrs. TYSON. The attempt has been to raise the family income—that is from work, plus relief—to a minimum food level only.

The CHAIRMAN. How successful is the attempt?

Mrs. TYSON. Very partial. I have a statement a little later on that will perhaps cover that question.

The relief curve is rapidly approaching the curve of unemployment. In Fayette County, for example, with a population of 198,000, the November figure showed 19,676 workers unemployed. In December, 13,423 families were given relief. This means that 67,000 individuals, one-third of the entire population of that county, is on relief. In Pittsburgh and Allegheny County, with a population of 1,374,000, in November, 1932, the unemployed workers totaled 176,895; in December, 1932, 55,952 families were given relief.

It is easy to see that in the near future there is every probability that half a million families, or 2,000,000 individuals, will be receiving relief from public funds in Pennsylvania.

Nowhere in the State to-day is relief adequate. The usual weekly family grant for food in December was between \$2 and \$4. The maximum grant is \$4.50. In Pittsburgh 90 cents a week per individual is given. It is evident that this amount can hardly keep body and soul together. Some of the results of prolonged semistarvation are indicated in a recent statement by Dr. Theodore B. Appel, secretary of health. He states:

The reports of the State health department's examination of Pennsylvania school children for the last three years indicate a progressive increase in the proportion of children who are underweight and present evidences of malnutrition. This increase runs from 10 per cent three years ago to 28 per cent in 1932.

The CHAIRMAN. Are these food orders given in ration form or in cash?

Mrs. TYSON. At present they are given as a food order; that is, a slip of paper, and the individual is permitted to choose, up to a certain amount, from his nearest grocery store.

The CHAIRMAN. Will you explain what could be purchased for 90 cents a week in Pittsburgh? What does the diet of these individuals consist of?

Mrs. TYSON. It is unquestionably a low starchy diet. It lacks the vitamins which are essential to growth in school children. A person on a minimum amount inevitably chooses bulky filling foods.

The CHAIRMAN. I was shocked yesterday at the suggested weekly menu in Fayette County called to our attention by Mr. Kennedy.

Mrs. TYSON. It has undoubtedly been most inadequate in many of the communities. I have a few comments later as to the actual effect, not only on the children, but on the workers themselves. It is semistarvation.

The CHAIRMAN. Would you say that persons living on these allowances over a long period of time, as many of them have been, are living in a condition of semistarvation?

Mrs. TYSON. I would, indeed. I have a little definite testimony to that effect in this same paper as to the fact that when men are offered work they frequently are too weak to do it. One of the large industrialists in Pittsburgh, whose plant was opened recently, stated confidentially that they were finding many men unable to do a full day's work.

The CHAIRMAN. Mr. Croxton informed this committee that most areas where the Reconstruction Finance Corporation had loaned money the standards were decided higher than ever before. Is that the case in Pennsylvania?

Mrs. TYSON. From the point of view of a Pennsylvanian, it would seem incredible that our people had ever lived, in the mass, at the level at which they have been living in the past year.

The CHAIRMAN. He referred, of course, to the relief standards.

Mrs. TYSON. But in Pennsylvania we have given only food relief. There have been numerous cases of uncared for illness all over the State and there is a great lack of medical care in many centers. Certainly, as a social worker of some 25 years' experience, I can say that we have never seen families so submerged as they are at present—even a small number of families as compared with the large number that are suffering to-day. I can speak, of course, only from the point of view of that State.

In the fourth-class school districts alone, where there are 800,000 children, 20 to 40 per cent have been reported as malnourished and 75 per cent suffering from some form of physical defect.

While statistics covering tuberculosis show a falling mortality rate, there has been a decided increase in the number of applicants at the State tuberculosis dispensaries for treatment or admission to sanatoriums. Moreover, while the tuberculosis morbidity reports are notoriously faulty, there has been a definite increase in the number of cases reported to the State health department. An analysis of case-rate mortality of other diseases, particularly affecting children and adults, has also shown a continuous increase in the past three years. These facts indicate a definite lowered disease resistance among the people of the Commonwealth. The decreased vital resistance from the normal average can be largely attributed to undernourishment.

Although during December some money was spent for clothing and fuel, hundreds of children missed and are missing school for weeks at a stretch for lack of shoes. Last year, thousands of teachers contributed substantial sums from their modest salaries to buy shoes to keep children in school. This year, with cuts in pay, and heavier personal obligations, it has been practically impossible for them to continue to make this personal sacrifice.

When I reported in May, the Friends' Service Committee, the Quaker group, were feeding hungry children in five of our bituminous counties. For lack of funds this service was withdrawn in the summer and has not been resumed this fall.

Shelter is absolutely essential. Yet, to date the State emergency relief board has been unable to grant funds for shelter. The funds of private agencies for this purpose are long since exhausted. Unpaid rent runs into the millions. Real estate values have slumped. Property owners are unable to pay taxes, keep up repairs, and are frequently themselves recipients of charity. To the unemployed the result has been overcrowding, constant evictions, and the use of hundreds of houses far below the minimum standards of decency. The inability to pay rent has resulted in mental tension and disintegration of families to a degree that is indescribable. It is not uncommon in Pittsburgh for a family to be forcibly evicted six or seven times in the course of a year.

The hunger for work is everywhere evident. Work relief, even when paid in food orders only, is sought eagerly. Unhappily, because of lack of funds, the extensive program of work relief, carried on in Pittsburgh in 1931-32, has completely broken down. The emergency association, within the last two weeks, has stated that it can not be renewed because of the lack of funds. In the city of Pittsburgh, school feeding of 8,000 undernourished children will stop February 1 unless funds can somehow be found.

Prolonged underfeeding of large numbers of workers is beginning to show a direct relation to any work program. In a town of 33,000, near Pittsburgh, 2,000 families, or nearly one-third of the population, is on relief. This relief has averaged \$5 a month per family. A physician, who is on the county board and who has practiced in the town for years, stated that he would oppose a work-relief program. He is convinced that prolonged undernourishment has made hard work dangerous and even impossible for many of the workers. In another county in southwestern Pennsylvania, a county commissioner recently stated that six hours a day was the maximum that their men could be expected to work because of their weakened condition. Similar reports have been received from a number of other localities. Work is the greatest need, of course, the only real answer to the problem, but unless a decent level of relief is maintained the men will be unable to work when the opportunity does come.

Pennsylvania has hardly touched the problem of transient families and homeless men and boys. Thousands of men are constantly drifting through our towns. One little town of 2,000, in southwestern Pennsylvania, attempted to feed 1,500 transients during the past year. Some of our distressed communities can not even feed this horde of wanderers, but send them on hungry to other towns equally distressed and equally unable to meet their needs. The

growing number of young boys, hungry, tired, broken in spirit, presents the most tragic group in this legion of the homeless.

Senator CUTTING. Where were these boys mostly going to?

Mrs. TYSON. I do not know. They are looking for a frontier.

Senator CUTTING. They are going out of the State?

Mrs. TYSON. These homeless boys that I am speaking of are drifting from other States in the Union toward Pennsylvania, and through Pennsylvania and on. We have had instances of boys drifting down from New England and out West, and the same boys coming back again in three or four months broken, ragged, and hardened. Pennsylvania has contributed her quota to this crowd of wanderers; from some of the definite figures in the western States we know there are Pennsylvania boys on the move in the same way.

Senator CUTTING. What has Pennsylvania done?

Mrs. TYSON. We have, in Philadelphia, a large, very well run shelter for homeless men and there is some effort at case work there. In Pittsburgh there is an emergency shelter and the Travelers' Aid has attempted to return some of these boys to their homes. Of course the great difficulty is that many of them have no homes to go back to. I think Miss Grace Abbott's estimate was that perhaps 15 per cent might be returned to their homes and find something to eat when they get there.

A boy who has loose family connections—with a stepfather, or an orphan, or the boy who has had trouble at home is apt to be the first, but when a boy reaches the normal time for him to enter industry and there is no place for him to go, he is apt to become a drifter.

Senator CUTTING. What do the smaller towns provide?

Mrs. TYSON. They usually provide a very inadequate flophouse in the basement of a public building or in the Salvation Army. They do nothing in the way of individualizing the boys to see what their real needs are and attempt to save them.

Senator CUTTING. I suppose they are hardly able to.

Mrs. TYSON. They are unable to.

Senator CUTTING. Do you not think that is a Federal problem?

Mrs. TYSON. I do, indeed. This is not a local or State problem, since most of these wayfarers have no claim on the particular locality in which they ask help and since the problem could not be met through State or local funds. It demands planning on a nationwide basis, and Federal grants to local communities to carry out the plans.

Lack of funds to secure adequate medical care is constantly apparent. State nurses report an accumulation of uncorrected physical defects in children. In Clearfield County, with a population of 86,000, the State physician reports 6,000 malnourished children. In this county the need for dental care, glasses for school children, tonsil operations, and so forth, is evident, even to the casual visitor. In another county, much needed operations for crippled children can not be secured. In another it is impossible to secure even free maternity care unless it is arranged for weeks in advance of confinement.

Our hospitals are burdened almost to the breaking point.

The CHAIRMAN. Prior to the terrific increase in the burden of unemployment relief, were those services which you mentioned as lacking now, provided?

Mrs. TYSON. Yes; they were provided. The private physicians had a margin of time they could give to other cases or, rather, a margin of income. At the present time their own incomes are so reduced that they have told me, in rural communities, they can not even afford the gasoline to go out on calls. Of course the free clinics are tremendously overburdened. We had an increase in one year of free hospital care in Pennsylvania of nearly 400,000 days of free care. I have those figures here. That was all granted without additional funds to give it. It was given, but it meant dipping in—well, it meant a number of things—dipping into the reserves of the hospital and sending people home in many instances before they were ready to take others into the free beds.

The CHAIRMAN. Is there any evidence, as the depression grows older, that these increased demands are not being met?

Mrs. TYSON. Well, I would regard as evidence, some of the facts that I have already given. For instance, in this one county of Clearfield, for example, adenoid and tonsil operations are not being performed; children are going without glasses, and dental care is not being given. It is increasingly difficult, even in the cities, to get maternity care in the hospitals, because they have to set a limit, knowing their own budgets.

The Public Health Nursing Association in Pittsburgh reports that they are caring at home for cases more severely ill than they would have attempted to care for in the past; that is, cases that require hospital care but that can not be admitted to the hospitals because of lack of room and lack of money.

Private giving, even for so-called normal needs of the communities, has, of course, been gravely curtailed. In the two largest cities of Pennsylvania it was early recognized that unemployment relief could not possibly be raised this fall through private giving. Last year Philadelphia raised over \$10,000,000 in its chest drive. This year it raised about \$5,500,000, barely enough to carry on its normal social work activities in the way of childrens' agencies, health agencies, and so forth. Pittsburgh, which raised \$6,000,000, including \$3,000,000 for unemployment last year, this year set, and with difficulty achieved, its goal of only \$2,400,000. Allentown, with a goal of \$171,000, raised only \$145,000. Sharon, with a goal of \$104,000, raised only \$65,000. Private gifts, except for the most acute emergencies, can no longer be counted on in meeting the unemployment problem.

The CHAIRMAN. What is the reason for that, in your judgment?

Mrs. TYSON. Of course the tremendously reduced incomes, but especially the terrific slump in real-estate values and, of course, the increased responsibilities of everyone who is working; that is, their private giving to friends and relatives as well as to the organized groups. It has meant, in many communities, terrific curtailment of agencies, and in some instances, for example in Sharon, the giving up of certain agencies entirely where they raised just about half of their amount. The family welfare association was eliminated in that city.

The CHAIRMAN. Do you or do you not attribute it in part to the fact that the State government has appropriated money and that

loans from the Reconstruction Finance Corporation have been provided?

Mrs. TYSON. It is of course difficult to tell to what degree that has affected the giving. Certainly, in part, it must have.

In observing the Pittsburgh drive, however, my impression was that there was a really generous attitude but that the people simply have not had the money to give.

The CHAIRMAN. Witnesses from New York have testified that, on the contrary, in their judgment the fact that the State government in New York had come to the assistance of these communities had resulted in even larger funds—larger sums—being provided than would have been provided had the State failed to act.

Mrs. TYSON. Speaking for Pittsburgh alone, my feeling is that, with some exceptions, people gave very generously during the drive. We have no way, of course, of checking on how much they should have given. That is entirely a voluntary and individual matter.

May I conclude with a picture of one of our steel towns in western Pennsylvania, not a coal town, since those blighted areas have been described so often? This description was taken from a December report of one of the State field agents, who works under my supervision in our Pittsburgh office.

The town has a population of 2,000. One thousand five hundred people are on relief, 1,800 are receiving Government flour through the Red Cross. The latter organization is giving flour to some marginal families that would otherwise be on relief. Only 10 men are working out of a population of 2,000. Practically none has worked for two years since the pipe mill has been closed down. Many have not worked for three years since other steel plants closed. Practically no coal has been mined within a radius of seven miles in the last 10 years. The town physician is devoted in his service to the people without pay. The borough itself is bankrupt. No taxes are coming in. No rents are being paid in the town. One man, who owns five homes and has a large sum of money loaned to other home owners, is on relief.

When I say relief in Pennsylvania I mean on minimum food relief, with a very small allowance for fuel and some clothing—just during the past month.

Large groups of the unemployed stand around listlessly. Milk is distributed by the public health nurse through the schools; 370 pints a day are given in the parochial school, which has a total enrollment of 426 children; 140 pints are given at the public school, with a total enrollment of 140. There is great need for clothing, particularly men's and boys'. Kerosene lamps are used for lighting purposes and are being supplied by the borough. Transients from all parts of the country pass through the town looking for work. The basement of borough hall is given to them as a place to sleep. The burgess stated that the men's whole attitude is one of expectancy, waiting for the mills to start up. The Catholic priest said that the men have been half starved for so long that they have no spirit left. When the question was raised as to how the men put in their time, the burgess replied, "They spend it, wondering when the steel mill will open." There is no prospect of the mill being opened.

It is everyone's hope that Congress and our State legislature may take constructive steps in a long-range plan to lighten this present disaster and to prevent future similar calamities. May I say, however, that the needs in the coming year in the way of relief, will be far greater than those in 1932. Half a million families—2,000,000 individuals—will in all probability be on relief before the first half of the year is passed. The health and morale of our people, especially the children, must somehow be strengthened through a more adequate program of relief until a better day comes.

Senator CUTTING. You used the phrase at one point in your testimony "a decent level of relief." Would you be able to define that a little more clearly?

Mrs. TYSON. In the old days, in social work, we regarded as a decent level of relief, a grant that would permit an individual to live like his neighbors, who were living also on a minimum necessity level; that is, to pay his rent, to buy food that would keep his family in health and decency; to buy clothing, fuel, and light.

In our mothers' assistance fund in Pennsylvania, under which about 8,000 widows' families are supported, the present grant is \$35 a month per family. Those people are living at a minimum level but on a decent level in the sense that the children are well; they pay rent; they go to free clinics, but pay for medicine. They buy their clothing and do not have to wear discarded clothing.

I would say, if you added a man to that group, a \$40 a month level would be a minimum level. Does that answer your question?

Senator CUTTING. Yes.

The CHAIRMAN. Mrs. Tyson, what do you say of the effect, so far as the future is concerned, of requiring a practical pauperization of the family unit before it is eligible for a meager minimum relief?

Mrs. TYSON. It seems to me that there is no question, if we believe in maintaining self-respect and a spirit of independence in our American citizens, we should not degrade them to the pauper group for a condition which is due to no fault of their own. We have been very much distressed in some of our communities at the practice of degradation to which you refer, of stripping people of their last measure of self-respect before they are given relief, and certainly we will pay for that in the future.

The CHAIRMAN. In view of your long experience in this field, do you believe that permanent damage is done as a result of this process of pauperization, so far as the individuals and the family unit are concerned?

Mrs. TYSON. It seems to me there can be no question of that. There is a listlessness, apathy, and disintegration apparent in people who have been beaten down over the months, and this whole situation would certainly indicate that it will be extremely difficult to rehabilitate them later.

The CHAIRMAN. So far as the children are concerned, the process of pauperization, and then the necessity of living upon what you have termed "this minimum"—

Mrs. TYSON. Does?

The CHAIRMAN. Food relief—is it or is it not generally conceded by medical and other competent observers that the damages may be both physical and mental and in many cases irreparable?

Mrs. TYSON. Unquestionably the statement, which I think I did not finish, from Doctor Appel, indicates that school retardation as well as physical deterioration is rapidly increasing. Of course physical defects—bad eyes, tonsils, etc., are defects that are always found in a much higher percentage in cases of malnutrition, and when you have children under those handicaps, they are usually too great to permit their normal school progress. There is certainly ample medical authority to that effect.

The CHAIRMAN. As we look into the future, taking into consideration the large group which is being subjected to this process, would you say that a staggering bill will ultimately be presented to society to pay for this failure to meet the problem upon a minimum basis of health and decency?

Mrs. TYSON. There is no question of that, and a bill that will stretch over the years to come.

Doctor Appel states, in regard to these malnourished children to-day, in regard to tuberculosis, that until they have passed the age of 35 they will not be free from the danger of tuberculosis, because of the hardship to which they have been subjected in these growing years.

The CHAIRMAN. I take it from your general statement that it has been impossible, due to lack of funds in Pennsylvania generally, to pay any rent.

Mrs. TYSON. Yes. I know of no county at all—even the rural counties which, when I appeared last May were not in such deep distress—I know of no county attempting to pay rent. I know of only one county, a small rural county, where half rent is paid.

The CHAIRMAN. What effect has that had on the housing situation, both in Pittsburgh and in the State?

Mrs. TYSON. It has meant that landlords have been unable to make repairs; that the increase in the substandard houses has been tremendous. It has resulted in overcrowding and a movement slumward on the part of the people who must seek a lower level, and of course in a constant flow of evictions which certainly is an experience that even to little children is devastating. I recall the case of the goods of one family being set out on the sidewalk in Pittsburgh where they remained almost a week. There seemed to be no place to put them in the city. Evictions in storms and cold weather have been numerous, which is not a reflection on the landlords because certainly they have been long suffering to a great degree.

The CHAIRMAN. But it is having a direct bearing, I have no doubt, upon the tax delinquencies.

Mrs. TYSON. A tremendous effect, because with the terrific slump in real-estate values and with the nonpayment of rent it has been, of course, impossible for the landlords to carry the burden. In some of the counties, 50 per cent of the taxes only are anticipated this year.

The CHAIRMAN. What effect, if any, has this overcrowding or grouping of families together in inadequate quarters had upon behavior and moral problems?

Mrs. TYSON. There has been a definite increase in our penitentiary and jail populations. I can not give you the figures nor can I state to what cause that has been due. Unquestionably there has been some thieving because of the lack of necessities.

Some years ago, in the all-Philadelphia conference on social work, it was emphatically stated by the social workers of the city that if the housing problem could be solved one-half of our social problems would vanish. With the fearful overcrowding and lack of decency that follows, the effect on the children is bound to be bad.

The CHAIRMAN. Have the relief stations closed at any time in Pittsburgh?

Mrs. TYSON. I think not. We have had relief cut in half.

The CHAIRMAN. You mean the minimum food relief has been cut in half.

Mrs. TYSON. Yes; and in some of the smaller counties it was discontinued during the summer for different stretches of time. We have not had quite as bad an experience in Pittsburgh as they have had in Philadelphia where, as you know, food has been discontinued for as long as six weeks. We had more local resources than Philadelphia. We have not been as near bankruptcy.

The CHAIRMAN. What standards have prevailed in Pittsburgh?

Mrs. TYSON. At present 90 cents per week per person is given for food only. During December some money was spent for fuel.

The CHAIRMAN. Are substantial numbers of persons in Pittsburgh living in unheated houses?

Mrs. TYSON. We have no figures to show that. Frequently such instances, of course, are found, but I can not give you any general statement.

The CHAIRMAN. Where do people go for coal, for instance, who are living on this 90 cents per week allowance for food?

Mrs. TYSON. In December, coal was granted from the funds of the emergency relief board.

The CHAIRMAN. As a general rule, or in extreme cases?

Mrs. TYSON. In extreme cases. In the soft-coal counties, the one advantage, of course, that they have is that they can usually scratch coal from somewhere. Their greatest problem, of course, is clothing and shoes for school children.

The CHAIRMAN. Mr. Croxton informed this committee that the States preferred to have funds given out just as they were needed and for short periods of time. Would you say, as one who has had something to do with the administration of these funds, that such a program is desirable?

Mrs. TYSON. It seems to me that one of the greatest difficulties we have had to meet has been the hand-to-mouth living, not knowing from month to month what we could plan on. It has meant, especially in the smaller communities, a state of anxiety and tension. It has meant a hoarding of their local funds, or an attempt to hoard them, for fear that the whole burden of relief might suddenly be thrown back on them. As in any well-run home, it is necessary to know ahead what the income is in order to plan adequately; certainly we could do a much more effective job in relief if we could know ahead what the resources are.

The CHAIRMAN. He also informed this committee that in the 36 States which had received loans or advances from future highway funds, that no person who had applied for relief had gone hungry. Can you give us any light on that statement?

Mrs. TYSON. Do I understand him to say that no person has been hungry in Pennsylvania?

The CHAIRMAN. He included Pennsylvania as one of the States which have received assistance, and he stated, if I remember correctly, that no person who had applied for relief had gone hungry in any of the communities where the Reconstruction Finance Corporation had extended advances or made loans.

Mrs. TYSON. In dozens of communities there have been protests against a relief grant of \$5 per month per family. One miner recently pointed out to me that in his family of 10—it is presumably 600 meals per month if they eat twice a day—that would allow less than one-half a cent a meal.

There are many communities in Pennsylvania where the people have been constantly hungry and certainly Doctor Appel's figures on malnourished children, when he said there is one undernourished child for every unemployed worker in Pennsylvania, would indicate that there has not been an adequate feeding program in Pennsylvania.

The CHAIRMAN. Are all the people who are entitled to relief under the practices in Pennsylvania, receiving it?

Mrs. TYSON. They are receiving—that is a very difficult question to answer for a whole State, Mr. Chairman.

The CHAIRMAN. Mr. Hodson testified that in New York, the richest city in the United States, there were 30,000 families in need of relief, who, due to lack of funds, were not receiving it. I am concerned to know whether or not the meager, insufficient, and disgraceful low standard that is available in Pennsylvania is being provided to all those who have been through the process of pauperization and, who are, therefore, entitled to receive it.

Mrs. TYSON. Well, it would be hard to generalize for a whole State. One certainly could not speak as accurately as in a well organized city, but I think it is true that almost all the families are receiving something.

In December, as I stated before, the family grant lay between \$2 and \$4 a week—the usual family grant. When one remembers that in many places that is not adapted to the size of the family, one can see that relief almost reaches the vanishing point under that standard. I think it is true, however, or fair to say, that families are not in general refused this extremely minimum and inadequate dole.

The CHAIRMAN. Is any clothing being provided?

Mrs. TYSON. In December, for the first time, the State emergency relief board set aside \$500,000 for clothing. The children have been out of school in many localities all during the fall.

The CHAIRMAN. Due to lack—

Mrs. TYSON. Due to lack of school shoes primarily and warm clothing to get to school. This money is being spent on a most economical basis primarily for outer clothing for men and for school shoes for children. It is supplementing the Red Cross clothing which has been coming in but which, of course, has been most inadequate for Pennsylvania's needs. We have, in the State emergency relief board office, a staff member of the National Red Cross who is helping to plan the best way to coordinate these two expenditures. There is no expectation that from both sources the clothing needs can be met.

The CHAIRMAN. Have you any comment that you care to make on the bill that is pending before the committee?

Mrs. TYSON. Well, simply that I am heartily in favor of it and, of course, came down in the hope of saying what word I could to strengthen the effort to have it passed.

The CHAIRMAN. Do you believe that this problem can be met under existing legislation, or do you believe that the Federal Government must assume part of this burden and participate in the relief of unemployment distress?

Mrs. TYSON. I believe, and have believed from the first, that just as the breakdown of industry is a national problem, so care for the human by-products of that industrial breakdown must be planned on a national basis. Our legislature is in session in Pennsylvania to-day but there are certain limitations, constitutional, and otherwise, to the amount of money that can be raised there, and unquestionably we will have to look to the Federal Government if our people are to be saved from starvation.

The CHAIRMAN. Thank you very much, Mrs. Tyson.

STATEMENT OF CLARENCE E. PICKETT, SECRETARY OF THE AMERICAN FRIENDS SERVICE COMMITTEE, PHILADELPHIA, PA.

The CHAIRMAN. Will you please give your full name and address to the reporter for the record?

Mr. PICKETT. Clarence E. Pickett, 20 South Twelfth Street, Philadelphia. I am the secretary of the American friends service committee which is doing relief work in the bituminous coal fields.

The CHAIRMAN. When we held the hearings on unemployment relief some 13 months ago you were kind enough to tell us something about the work the friends had been doing in the coal regions. The committee would be very grateful if you could give us any additional information, and bring down to date the testimony which you gave at that time.

Mr. PICKETT. I think, in order to make comparisons, it may be useful if I just review briefly our experience of last year in terms of the number of people fed, the territory covered, the amount of money spent, and a comparison of the proportion of children in the schools, who are being fed this year, as compared with last year.

At the peak of our relief work in the coal fields last year, we were feeding, in 6 States and 41 counties, about 41,000 children.

The CHAIRMAN. Will you mention the States, please?

Mr. PICKETT. Pennsylvania, Maryland, West Virginia, Kentucky, Tennessee, and Illinois.

We fed one meal daily usually in the schools and the basis of feeding was 10 per cent underweight or other health signs which indicated that the child needed feeding. There was a certain elasticity in the standard.

The proportion of all children in the schools where we fed last year, which were fed, was about 35 per cent.

The CHAIRMAN. Of the total attendance of the schools?

Mr. PICKETT. Of the total attendance of the schools; yes, sir. It ran in some cases as high as 100 per cent, but also ran as low as 7 per cent, but the average in the 561 schools—and I do not think I mentioned the number of schools previously—was 35 per cent. It may be worth while to give you the figures of expenditures.

We spent \$319,000 in money and we had given to us \$75,000 of food and clothing and time, making a total expenditure of \$394,602.

We received \$225,000 of that from the American Relief Administration and the remainder in contributions from a great many different people, in small amounts.

We carried on a milk-feeding program through the summer, from the 1st of June to the 1st of August.

The CHAIRMAN. Referring to 1932, now?

Mr. PICKETT. 1932; yes. We stopped feeding the regular meal—it varied in different places but usually about the first of June and carried the milk ration through the summer.

Although we had taken a great deal of leadership in the stimulation of production in gardens, it was not possible for people to live on the garden stuff before the first of August. Even then there was suffering, but we ran out of money and had to stop. We had supposed, with the coming of Federal relief, that we would not be needed in the picture any further for relief work and expected to withdraw and did withdraw, but with the coming of the school year, the state Welfare Department of West Virginia invited us to go into certain counties. The counties had requested them to ask us to come back.

We attempted, all the way through, to stimulate the local organizations, because we are an outside organization and did not want to get into a permanent job of relief at all that belonged to a local organization in any sense. But it is obvious in some of these coal regions in Pennsylvania and Kentucky where we are this year, there is not the kind of organizational ability that is necessary, if you are going to handle what to them would be large funds and so, where we have been invited by the State relief organization and the counties in the two States of West Virginia and Kentucky, we have gone back and we are now feeding in 16 counties in West Virginia and Kentucky, about eleven or twelve thousand children. The figures lag about a week. We were feeding about 11,000 children last week and it has climbed rapidly.

The proportion of children fed this year in the schools is 51 per cent.

The CHAIRMAN. As compared with 35 per cent last year?

Mr. PICKETT. As compared with 35 per cent last year; yes, sir. It is not possible to give figures on a comparison of clothing, but the clothing is very much worse this year, in spite of the fact that in almost every county or community there is a certain amount of cotton from the Red Cross.

Warm clothing is almost nonexistent and if anything it is worse for the adults than for the children because the adults have let their clothes be cut down for the children.

The CHAIRMAN. What about shoes?

Mr. PICKETT. They are more scarce this year than last year, but in both States a reasonable amount of Reconstruction Finance Corporation funds has been set aside for the purchase of shoes and that has helped that situation greatly.

The CHAIRMAN. For the children only?

Mr. PICKETT. Yes, sir.

The CHAIRMAN. Is it a proper deduction to make from the rise in percentage of those fed in these communities, that malnutrition is more evident, or is it because you have changed your standards—

Mr. PICKETT. No; we have not changed our standards. It is the very minimum standard, but the malnutrition is worse. It is worse partly because the mines are operating less this year and the wages are less and so the insistent and long sustained undernourishment shows more.

In Kentucky, just before I came away, I received notice that three schools have had to close because of the presence of trachoma.

The CHAIRMAN. Is that a disease of malnutrition?

Mr. PICKETT. I understand it is augmented by malnutrition. It is not necessarily a malnutrition disease. There is another disease which has been turned up by the State department of health which causes a disturbance in the eyes, which makes the child completely blind.

The CHAIRMAN. Is that permanent blindness?

Mr. PICKETT. Within three weeks, in Kentucky, by putting some of the children on a butter diet, sight has been restored.

The CHAIRMAN. Have you had any information whether or not in cases where this high vitamin diet is not available, the damage to the eyesight will be permanent?

Mr. PICKETT. I can not tell you about that. There are a great many cases of blindness among the children, particularly in the Kentucky schools.

In two counties we are doing a complete job; that is, administering the Reconstruction Finance Corporation funds for the entire county, because of a breakdown of the local organization, and in those counties the adult relief consists of work relief and direct relief.

The grants in the State of Kentucky from the Reconstruction Finance Corporation were entirely inadequate, the first grants ranging as low as a dollar a family per month. That, however, should not be charged against the Reconstruction Finance Corporation. It is chargeable to inadequate figures from the counties, and we have had two people giving their full time now for about three weeks assisting in getting a more definite picture of what the situation is in some of the remote counties—the semiagricultural counties, and the greatest suffering is there because of crop failure. The newer grants coming through the first of January, have been more nearly adequate.

The CHAIRMAN. What have they been, if you know, approximately?

Mr. PICKETT. Approximately \$1 per week. I could not say definitely.

The CHAIRMAN. That is per family?

Mr. PICKETT. Per family; yes, sir. That is the basis on which they are supposed to be scheduled. I can not say whether that is absolutely correct or not.

In connection with the feeding last year we had a study made of the unemployment in the coal communities—the entire bituminous coal fields, exclusive of the western fields in Colorado and Montana—and there is not any doubt, I think, that there are upwards of 200,000 people in these coal camps who will never be used in them again.

We, therefore, made some experiments in what could be done to permanently transfer them from relief and I hope very much that some serious attention may be given to that because our experience would indicate that if the amount that will need to be spent on relief over a period of two years were spent giving one year to the process of rehabilitation, a large number of these families would then be permanently off of relief.

The CHAIRMAN. What is the nature of the experiment?

Mr. PICKETT. We have tried three different types of experiments. One is the revival of handcraft in foreign communities where they would have some kind of handcraft background. Since the 1st of July, 1932, we have been operating in one place making chairs; in another, making tables and stools and various types of handmade furniture, and then we have about 50 or 60 women who are weaving.

The CHAIRMAN. How do you market these products?

Mr. PICKETT. We have exploited the sentimental market thus far—people who are interested in coal miners—a sort of romantic interest. The interesting thing is that we are about six weeks ahead now in orders and we are turning out about a thousand dollars a month in production, and that has taken entire families off of relief except one meal a day for the children. It is not economically sound, of course, because the coal companies are permitting those people to occupy houses without rent, but by cooperative buying and sharing three entire camps have been largely taken off the relief.

The second thing is an experiment with the allotment of land near the mines so that as the mines open the men can operate in the mines and yet produce sufficient stuff from these tracts to supply food.

The CHAIRMAN. What is the average size of the tracts?

Mr. PICKETT. It depends on the character of the land, but usually 20 acres, partly in pasture and partly in timber.

In some of the counties where we have had surveys of the land situation made—arable land and timber land for building houses—it would be entirely practicable to take all the coal miners, within a year's time, off of relief, roughly speaking, at about the amount of expenditure necessary to maintain them at this low level for two years.

Of course there are many of these people who can not be rehabilitated without a long period of care and attention due to the long period of hopelessness and suffering that has taken place.

The CHAIRMAN. That is part of the demoralizing process that has gone on in this situation?

Mr. PICKETT. Yes, sir. There has been some petty thievery and other unlawful means resorted to in order to get hold of alcoholic liquors.

The third experiment has been the development of production units where nearly everything that the community needs is raised or made by the people themselves. They are weaving cloth, themselves, and making furniture and shoes for themselves. They are knitting sweaters and socks and taking land which has been returned to the county for taxes and dividing it up into allotments of six families to an allotment, one family living on the land and the other families living in the camp.

The CHAIRMAN. How is exchange effected—by barter?

Mr. PICKETT. By barter; yes.

The CHAIRMAN. In other words, you are helping to build up communities outside of the money economy?

Mr. PICKETT. Yes.

Now, it is quite possible to say these steps are not sound. We are in competition with Grand Rapids in furniture and robbing the farmer of his market, but we are convinced that every approach which can be made which will preserve the integrity and sense of dignity of life must be made even if we do get into a certain number of jangles over markets. It may be that we will have to reorganize our view of marketing, but the demoralization of character which is going on can not be overestimated.

The CHAIRMAN. That is one of the phases of this question that appalls me as an individual, not only in the coal-mining communities, but all over the United States where destitution exists.

Mr. PICKETT. I think that is the most dangerous feature of it. We have felt that these various experiments in reviving the possibility of self-support, which we think eventually must become a governmental function, would have to be performed before the Government can move in that direction.

I think, however, that movements can be made more easily in the coal mining centers than other places, but the sooner it takes place the quicker we will stop this demoralization that is going on. It not only revives the chance of making a living, but effects a complete transition in the morale of the community, its spirit, and its health. One looks with a certain amount of trepidation to what might happen if millions of our people might come to feel that the State is an enemy to them.

The CHAIRMAN. Is that feeling growing?

Mr. PICKETT. I can not say that there is very much of it. There is some slight evidence of it, but the people are amazingly docile. But, I can not see how the people will not sooner or later commence to think that way.

The CHAIRMAN. Which one of these three types of experiments, as far as you have gone, do you think holds out the greatest promise of expansion and success?

Mr. PICKETT. In the coal communities, the development of the farmer-miner combination. That will take care of more people with a given amount of money and can be done easily and quickly—I think perhaps better than either of the others. It does not involve the problem of sales or large investments in equipment of any kind.

The CHAIRMAN. I take it from your testimony that in view of the increase in the percentage of children undernourished, you would say that conditions were worse this year than last so far as the children are concerned?

Mr. PICKETT. Yes.

The CHAIRMAN. In view of your familiarity with the regions in which you have been carrying on your activities, would you say that the same situation exists so far as the adult population is concerned?

Mr. PICKETT. Yes. In our contact with the adult population in counties where we are doing a complete job, I should say that there is certainly an equal decrease in nourishment and morale among the adults.

The CHAIRMAN. Thank you very much, Mr. Pickett.

I would like to insert in the record at this point a telegram received from the manager of the Cincinnati Joint Board of Amalgamated Clothing Workers of America, appealing for the enactment of the legislation under consideration by this committee.

(The telegram referred to is printed in full as follows:)

CINCINNATI, OHIO, January 10, 1933.

HON. ROBERT M. LA FOLLETTE.

Senator of Wisconsin, Senate Office Building,
Washington, D. C.

At mass meeting yesterday the Cincinnati branch of the Amalgamated Clothing Workers of America went on record as pledging our support of your half-billion dollar relief bill also demanding that it be reported favorably out of committee for immediate action. Wiring our Congressmen to the same effect.

CINCINNATI JOINT BOARD AMALGAMATED
CLOTHING WORKERS OF AMERICA.

JACK KROLL, Manager.

The CHAIRMAN. The committee will stand in recess until 10 o'clock to-morrow.

(Whereupon, at 11.55 o'clock a. m., the committee took a recess until to-morrow, Thursday, January 12, 1933, at 10 o'clock a. m.)

FEDERAL AID FOR UNEMPLOYMENT RELIEF

THURSDAY, JANUARY 12, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee reassembled, pursuant to the recess of Wednesday, at 10 o'clock a. m., in room 212, Senate Office Building.
Present: Senators La Follette (chairman), Costigan, and Cutting.
The CHAIRMAN. The subcommittee will please be in order.

STATEMENT OF HON. JOHN BARTON PAYNE, CHAIRMAN AMERICAN NATIONAL RED CROSS, WASHINGTON, D. C.

The CHAIRMAN. Judge Payne, will you give your full name and present position?

Mr. PAYNE. John Barton Payne, chairman of the American National Red Cross.

The CHAIRMAN. Judge Payne, as you perhaps know, this committee has had under consideration legislation dealing with the unemployment-relief problem, and we feel that the factual data we have been gathering would not be complete without information concerning the activities of the Red Cross in distributing Government flour and cotton. We would be very grateful to you if you would proceed in your own way to give us any information which you think would be of value to the committee and to Congress.

Mr. PAYNE. On the 7th of March, 1932, Congress directed that 40,000,000 bushels of wheat be turned over to the Red Cross to be distributed in the form of flour to the needy throughout the country, and as livestock feed in certain drought States in the Northwest. Immediate distribution was entered upon and continued until July 5, 1932, when an additional appropriation of 45,000,000 bushels was made. I will summarize the two together.

The total number of barrels of flour committed; that is, ordered to be sent out, up to the 7th of January, 1933, was 7,673,085. The number of tons of livestock feed distributed in the form of cracked wheat to the five or six drought States in the Northwest, was 223,903 tons.

The number of families aided with flour was 4,750,400.

Number of Red Cross chapters distributing flour, 3,556.

Number of millers receiving orders for the grinding of the flour, 804.

Total number of bushels committed; that is, ordered to be used, 65,644,948 bushels.

Now, unless you want to ask me some questions about the wheat I will give you the cotton in the same way.

The CHAIRMAN. I should like to inquire what amount, if any, remains to be distributed?

Mr. PAYNE. Roughly, 20,000,000 bushels and it will be interesting to you to know the exhaustive character of the distribution. I have here a map which shows, in red every county in the United States in which flour has been distributed. There are, in the United States, 3,075 counties.

Counties receiving flour, 2,959.

Counties not requesting flour, 116.

Now that 116 is shown on the map in white but it embraces Salt Lake, for instance, Yellowstone Park, and other places where flour would naturally not be distributed.

The CHAIRMAN. Judge, will you explain for the record just how these requests have come? Did they come through the local chapters, or through official agencies of local governments? How did the Red Cross ascertain the flour was needed in these communities?

Mr. PAYNE. Under instructions from the national organization, each chapter was advised to ascertain the entire needs in its community—every source—because under the bill we were authorized to give flour to other agencies. They did that, so far as we know, exhaustively and the amount which the whole community required, having been ascertained by the chapter, they communicated with us a request to send that much flour to that chapter for distribution. Generally the distribution took place from the car or cars. Sometimes it was delivered into a warehouse and distributed from there.

The CHAIRMAN. And were you able to respond to the requests in full?

Mr. PAYNE. So far as we know, no request has failed to receive the amount needed.

The CHAIRMAN. Did you set up any standards or any basis upon which the local chapters were to determine whether flour was needed or not?

Mr. PAYNE. We did not, but it speedily became clear that they all requested about the same proportion per family, so that we came to a basis of one barrel of flour for 90 days, for a family of four or five.

The CHAIRMAN. What I had in mind was whether or not the flour was distributed to families which had other resources. To explain what I mean, in some of the communities, due to a lack of funds, they have not been able to provide relief except to those virtually destitute. I wondered whether that was the situation confronting the local chapters or whether they were able to give flour where they thought it was necessary in order to supplement, let us say, the economic situation of the particular family.

Mr. PAYNE. The last part of your statement is correct; for instance, in our drought operations in 1930 we distributed more than 600,000

four-pound packages of garden seed in many localities and also in 1931-32 some 350,000 packages, though those people generally had canned vegetables, potatoes, and other things in their cellars. They nevertheless received flour.

The CHAIRMAN. So that, as far as you know, wherever the local chapter felt that a family was in need of flour, they have been supplied with it?

Mr. PAYNE. Yes.

The CHAIRMAN. Have you any information as to the number of families, by States? Have your total figures been broken down into the number by States?

Mr. PAYNE. We have a statement to the end of last year, December 31, stating first the number of chapters in the State, the number of chapters or other units applying for flour, number of applications approved for flour, maximum number of families aided by flour, number of barrels of flour approved, number of barrels of flour ordered from the millers, number of barrels of flour acknowledged by the consignees, which I have here.

The CHAIRMAN. If you will just give that table to the reporter, I think it would be helpful to have it inserted at this point in your testimony.

(The table referred to is printed in full as follows:)

Summary report on wheat distribution to close of business December 31, 1932

Number of approved applications for flour.....	11,898
Number of approved applications for stock feed.....	792
Number of barrels of flour requisitioned.....	7,555,373
Number of barrels of flour ordered from the millers.....	6,484,551
Number of barrels of flour shipped by the millers.....	5,834,989
Number of barrels of flour acknowledged received by consignees.....	4,884,117
Number of tons of feed requisitioned and acknowledged received by consignees ¹	223,902,758
Number of millers receiving orders.....	803
Number of orders placed with the millers.....	19,387
Number of bushels of wheat turned over by the grain stabilization corporation.....	54,127,693

Special report on wheat distribution, flour ordered by States, to close of business December 31, 1932

	Number barrels flour approved
Pennsylvania.....	1,030,225
New York.....	755,295
Ohio.....	599,979
Illinois.....	384,961
Michigan.....	356,025
Indiana.....	219,428
West Virginia.....	218,400
Texas.....	209,216
Oklahoma.....	203,512
Wisconsin.....	201,632

¹ The above figures include bushels of whole wheat shipped for livestock feed, but not those for whole wheat and cereal requested by chapters and other units for human consumption, summary of which, for week ending Dec. 31, 1932, is shown on separate summary report.

	Number barrels flour approved
Alabama	188,605
Georgia	187,209
California	185,026
Tennessee	165,059
Kentucky	152,259
North Carolina	151,366
Arkansas	149,316
New Jersey	128,516
Massachusetts	128,407
Minnesota	127,756
Missouri	124,557
Louisiana	123,010
Florida	114,391
Mississippi	112,997
South Carolina	110,616
Virginia	107,015
Washington	93,826
Colorado	89,576
Iowa	86,817
South Dakota	86,269
Maryland	83,960
Kansas	74,282
Connecticut	63,679
Utah	65,771
Montana	58,972
Nebraska	58,848
North Dakota	54,557
Maine	44,801
Rhode Island	41,239
Oregon	38,799
Arizona	35,706
New Mexico	29,274
Idaho	27,330
New Hampshire	20,743
Vermont	20,124
Wyoming	12,964
District of Columbia	9,544
Nevada	8,885
Delaware	5,300
Puerto Rico	5,000
Alaska	2,471
Total	7,553,373

Weekly report on whole wheat and cereal to close of business December 31, 1932

State	Bushels of whole wheat shipped	Pounds of cereal ordered
Eastern area:		
District of Columbia		29,000
Kentucky		40,800
Ohio	18,130	1,747,900
Pennsylvania		38,600
Tennessee		2,000
Wes. Virginia		38,000
Total	18,130	1,896,300
Mid-western area:		
Colorado		27,000
Illinois	5,550	320,410
Iowa		16,000
Kansas		3,400
Michigan		35,750
Minnesota		43,640
Missouri		605,990
Nebraska		500
North Dakota		4,500
Oklahoma	1,400	94,000
South Dakota		3,000
Texas		1,200
Wyoming		23,750
Total	6,950	1,179,140
Pacific area: California		20,000
Total		20,000
Grand total	25,080	3,095,440

Report of wheat distribution to close of business December 31, 1932

Area	Number of chapters and other Red Cross units applying for—		Number of applications approved		Maximum number of families aided by		Number of barrels flour approved	Number of tons feed ap- proved
	Flour	Stock feed	Flour	Stock feed	Flour	Stock feed		
Eastern	1,732		6,239		2,835,460		4,781,355	
Midwestern	1,515	243	4,493	544	1,448,181	116,771	2,270,682	164,109
Pacific	308	70	1,001	229	425,136	62,267	442,524	57,107
Insular and foreign (Puerto Rico)	1		1		11,000		5,000	
Total chapters	3,556	313	11,734	773	4,719,777	179,038	7,499,561	221,216
Other units (Indian res- ervations, etc.) apply- ing	91	19	164	19	30,623	5,150	53,812	2,687
Grand total	3,647	332	11,898	792	4,750,400	184,188	7,553,373	223,903

¹ Includes families that receive whole wheat or cereal.

TOTAL COMMITMENTS OF WHEAT IN BUSHELS

For flour (part estimated)	52,285,756
For whole wheat and cereal (part estimated)	114,672
For feed, bushel actual cost ¹	11,216,409
Total	63,616,837
Bushel terminal charges in addition to the above	1,287,265
Grand total	64,904,102

¹ Includes 46,249 bushel whole wheat shipped for stock feed.

Combined cumulative weekly report on wheat distribution for the week ending
December 31, 1932

State	Number of chapters in State	Number of chapters and other Red Cross units applying for flour	Number of applications approved for flour	Maximum number of families aided by flour	Number of barrels of flour approved	Number of barrels of flour ordered from the millers	Number barrels of flour acknowledged received by consignees
EASTERN AREA							
Alabama.....	73	77	291	120,196	188,005	169,865	102,515
Connecticut.....	41	37	128	48,122	63,679	60,221	35,112
Delaware.....	1	1	9	10,550	5,300	3,300	1,500
District of Columbia.....	1	1	10	7,269	114,391	7,160	2,275
Florida.....	77	83	305	94,663	128,087	171,953	84,078
Georgia.....	147	164	508	142,562	219,428	188,097	115,090
Indiana.....	103	108	370	128,687	152,259	136,719	80,484
Kentucky.....	140	142	383	98,262	123,010	113,732	63,381
Louisiana.....	63	60	219	129,302	144,801	102,143	60,867
Maine.....	24	32	117	25,371	20,743	20,103	14,932
Maryland.....	34	21	59	41,775	83,960	40,467	31,163
Massachusetts.....	79	63	197	111,561	128,407	63,700	36,166
Mississippi.....	85	86	261	145,295	112,997	111,477	83,544
New Hampshire.....	37	36	81	11,608	102,143	60,867	14,932
New Jersey.....	60	56	197	100,733	128,516	119,778	78,489
New York.....	112	93	285	355,461	755,205	513,372	287,822
North Carolina.....	131	121	403	101,779	151,366	136,393	85,429
Ohio.....	105	106	447	264,748	599,979	509,798	306,238
Pennsylvania.....	109	109	685	453,885	1,030,223	885,444	713,765
Rhode Island.....	8	8	30	24,245	41,239	35,054	29,952
South Carolina.....	60	55	234	98,669	110,616	96,636	73,631
Tennessee.....	109	107	330	93,514	165,059	138,902	119,887
Vermont.....	22	23	79	12,732	20,124	19,464	13,242
Virginia.....	116	105	336	68,280	107,015	97,000	79,549
West Virginia.....	58	63	288	91,656	218,400	196,547	161,404
Total.....	1,795	1,752	6,261	2,835,860	4,782,225	4,041,441	2,876,155
MIDWESTERN AREA							
Arkansas.....	79	77	285	126,447	149,316	126,812	106,416
Colorado.....	71	70	236	39,815	89,576	72,937	61,714
Illinois.....	126	127	527	294,022	384,961	321,132	214,316
Iowa.....	129	124	314	54,017	86,817	78,094	62,478
Kansas.....	111	109	246	45,941	74,282	64,186	54,571
Michigan.....	84	84	337	166,840	356,025	305,148	230,670
Minnesota.....	90	92	248	80,704	127,756	116,078	90,641
Missouri.....	117	115	315	98,940	124,557	112,807	89,477
Montana.....	56	60	151	32,905	58,972	56,747	47,302
Nebraska.....	109	98	211	37,706	58,848	56,579	45,853
New Mexico.....	34	41	120	19,150	29,274	26,728	22,656
North Dakota.....	53	56	155	29,780	54,567	52,827	42,337
Oklahoma.....	82	87	290	118,302	203,512	179,894	158,946
South Dakota.....	72	75	237	41,405	86,209	76,332	68,205
Texas.....	233	226	570	176,495	209,216	187,173	162,529
Wisconsin.....	86	86	268	100,291	201,632	180,780	159,515
Wyoming.....	31	30	74	7,242	12,964	11,988	10,396
Total.....	1,557	1,557	4,584	1,470,004	2,308,534	2,025,712	1,627,022
PACIFIC AREA							
Alaska.....	11	8	21	2,196	2,471	2,171	1,891
Arizona.....	18	28	110	36,383	35,706	35,456	29,600
California.....	122	124	350	162,361	185,026	165,369	137,266
Idaho.....	35	44	141	24,715	27,330	26,207	23,889
Nevada.....	17	23	58	7,753	8,885	8,885	7,723
Oregon.....	31	33	96	43,904	38,799	29,480	27,295
Utah.....	31	35	134	71,841	65,771	63,166	59,309
Washington.....	35	42	142	84,293	93,626	81,664	73,314
Total.....	300	337	1,052	433,536	457,614	412,398	360,287
Insular and foreign (Puerto Rico).....	1	1	1	11,000	5,000	5,000	5,000
Grand total.....	3,653	3,647	11,898	8,650,400	7,553,373	6,484,551	4,868,464

Mr. PAYNE. The same joint resolution which turned over the last installment of wheat, turned over to the Red Cross 500,000 bales of cotton for distribution to the needy.

The first thing we did was to communicate with our chapters—and we have 3,650 chapters with something like 12,000 branches reaching almost every section of our country, the chapters, roughly, representing a county—asking how much cloth and the kind of cloth they could use to be made up by volunteer Red Cross workers or Red Cross ladies—anybody who would come and sew. Perhaps two-thirds of the chapters answered that they could do the work and indicated the quantity they could use. We, therefore, purchased, altogether, 55,392,881 yards of cotton cloth of different kinds which, for the most part, has been made—not all yet—into women's and children's dresses, night clothes, shirts, and underwear.

Then we purchased as rapidly as we could get the goods at the right prices—of course we were trying to carry out the act of Congress which provided that no profit should result—and we have purchased of ready-made garments, underwear, hosiery, overalls, trousers, and sweaters, 2,018,135 dozens of garments. The estimated value of the two items is \$10,524,667.

The number of manufacturers receiving orders for these goods, 215.

Number of shipping orders placed with manufacturers—and it needs to be stated that they were required to deliver the goods to the chapters asking for them—84,600.

The number of bales of cotton committed by purchases, 500,000.

Number of bales of cotton uncommitted, none.

Number of families for whom cloth and clothing were purchased, 4,485,730.

Red Cross chapters or other units applying for cloth to be made into garments, 3,672.

The CHAIRMAN. Have you those figures broken down by States?

Mr. PAYNE. Yes, sir.

The CHAIRMAN. That table may likewise be inserted in the record.

(The table referred to is printed in full as follows:)

Statistical report of finished garment distribution as of close of business January 6, 1933

Garment	Eastern area		Midwestern area		Pacific area		Indian Service		Insular	
	Number of dozen approved requests	Number of dozen acknowledged received by consignee	Number of dozen approved requests	Number of dozen acknowledged received by consignee	Number of dozen approved requests	Number of dozen acknowledged received by consignee	Number of dozen approved requests	Number of dozen acknowledged received by consignee	Number of dozen approved requests	Number of dozen acknowledged received by consignee
Hosiery:										
Women's.....	154,294	42,790	81,255	38,696	13,820	2,409	309			
Men's.....	156,264	45,161	73,139	24,266	14,838	2,336				
Children's.....	96,290	17,555	54,859	11,058	8,680	1,563				
Infants.....	23,232	8,084	12,069	4,274	2,125	38				
Union suits.....	83,202	23,485	41,945	14,297	7,431	1,904	153	2,083.4	2,065.6	
Women's.....	21,192	3,586	13,783	3,249	1,221	329	32			
Men's.....	124,146.6	25,883	58,914	17,261	3,353.6	1,137	28			
Children's.....	54,477	12,980	27,502.3	7,261	1,153	357.10	38			
Undershirts, infant's.....	10,411	2,187	5,366	1,056	7,348.10	489	40			
Trunks, men's.....	56,099	10,579.6	34,994.6	3,987.6	5,349.6	610	48	833.4		
Overalls, men's.....	19,070	14,633.2	17,686	5,573	1,235	129	11			
Jumpers, men's.....	13,716.6	4,347	12,347	1,650	1,019	260	19			
Knickerbockers, boys'.....	23,825	4,194	12,317	2,041	277.2	112	13			
Overalls, boys'.....	14,745	4,849	6,328	2,625	551		5			
Play suits, small boys.....	5,168	2,070	2,345							
Miscellaneous garments.....										
Total.....	889,191	221,729.8	450,440.9	120,158.5	78,776.2	12,512	822	4,166.8	4,111.4	
Sweaters, men and women.....										
Sweaters, boys and girls.....	65,207		27,197		3,078.6			8,333.4	8,231.2	
Total.....	80,511		30,896		4,637	2,400				
Grand total.....	145,718		58,093		7,715.6	2,400				
	1,034,909	221,729.8	508,533.9	120,158.5	86,491.8	12,536	822	8,333.4	8,231.2	

SUMMARY OF FINISHED GARMENTS

SUMMARY OF VALUES

	SUMMARY OF FINISHED GARMENTS		SUMMARY OF VALUES	
	Finished garments	Sweaters	Finished garments	Sweaters
Total number dozen garments:				
Approved requests.....	1,427,563.3	211,526.6	\$4,315,715.61	\$890,731.18
Purchased (ordered).....	1,604,535.5	370,510.6	4,844,414.17	1,715,414.63
Ordered shipped to chapters.....	1,404,581.5	45,985.6	3,386	1,357
Shipped to chapters.....	1,131,962.9	46.6	4,485,730	-----
Acknowledged received by consignee.....	362,757.1	34.6		
Total value, all garments:				
Approved requests.....				
Purchased (ordered).....				
Number of chapters applying for finished garments.....				
Number of families needing clothing as reported by chapters.....				

FEDERAL AID FOR UNEMPLOYMENT RELIEF

Statistical report of cotton cloth distribution as of close of business January 6, 1933

	Number of yards of fabric, per approved requests					Number of yards, all fabrics								
	Number of chapters	Number of families needing and other clothing as reported by chapters	Muslin	Birdseye	Prints	Shirting	Flannel	Cling-ham	Dark flannel	Per approved requests	Purchased (ordered)	Ordered shipped to chapters	Shipped	Acknowledged received by consignee
Eastern area.....	1,765	1,805	2,806,423	140,018	7,907,540	7,225,642	8,160,443	4,856,744	1,027,000	36,111,488			22,581,563	
Midwestern area.....	1,557	1,482	1,300,490	2,146,015	2,934,595	2,934,595	4,000,085	1,829,660	1,045,850	16,576,985			10,861,862	
Pacific area.....	317	298	281,467	550,335	234,880	943,185	1,056,782	659,147	51,700	4,078,241			2,177,488	
Insular (Puerto Rico).....	109	86	33,035	55,262	20,650	117,310	70,272	102,397	113,080	603,000			18,405	
Total.....	3,779	3,672	4,485,730	7,891,630	12,769,030	10,818,011	13,401,300	8,047,948	2,124,640	57,860,635	55,392,881	52,285,144	615,601	
Eastern area:														
Alabama.....	72	72	106,860	187,370	337,800	324,800	298,000	211,100	92,000	1,509,960			840,183	
Connecticut.....	41	34	51,296	64,880	42,270	134,740	84,610	108,000	27,930	624,960			437,346	
Delaware.....	1	1	2,702	8,800	10,000	6,000	8,260	5,600	6,000	47,660			41,775	
District of Columbia.....														
Florida.....	77	80	67,077	137,460	10,000	29,000	44,080	11,000	16,730	148,080			133,440	
Georgia.....	140	148	114,687	187,675	39,720	252,300	274,300	132,095	48,080	912,450			623,083	
Indiana.....	103	94	106,995	198,620	37,140	270,270	517,525	225,920	33,450	1,544,655			1,056,727	
Iowa.....	103	94	106,995	198,620	37,140	270,270	517,525	225,920	33,450	1,544,655			1,056,727	
Kentucky.....	98	79	138,157	720,255	295,260	182,000	213,105	182,550	33,450	1,683,660			1,156,675	
Louisiana.....	63	32	27,167	29,400	25,910	283,250	182,000	145,150	22,700	1,205,240			713,792	
Maine.....	24	16	17,803	65,530	48,170	30,940	133,345	40,335	11,450	305,940			576,895	
Maryland.....	78	61	93,437	98,045	133,670	387,285	88,560	102,535	12,500	410,245			202,314	
Massachusetts.....	85	71	124,445	140,433	331,620	257,630	290,590	194,810	22,300	1,717,555			300,419	
Michigan.....	323	323	10,270	4,120	7,800	40,620	34,035	158,554	32,600	1,096,570			555,381	
Minnesota.....	60	88	309,081	183,680	89,520	291,480	426,300	283,800	28,800	215,908			115,508	
New Hampshire.....	110	109	67,031	224,880	1,382,130	1,947,935	852,545	946,690	54,500	6,507,390			3,628,457	
New Jersey.....	131	104	234,641	404,185	244,810	318,910	309,360	242,550	67,120	1,597,050			1,073,009	
New York.....	105	104	63,219	607,000	271,410	1,060,910	756,715	604,275	106,100	3,645,635			2,393,944	
Ohio.....	109	106	373,219	607,000	271,410	1,060,910	756,715	604,275	106,100	3,645,635			2,393,944	
Pennsylvania.....	8	8	25,822	15,400	15,900	75,500	126,600	634,370	172,930	4,784,300			177,807	
Rhode Island.....	80	82	78,400	128,930	267,250	200,800	250,800	183,500	32,300	1,430,000			650,068	
South Carolina.....	109	89	78,400	128,930	267,250	200,800	250,800	183,500	32,300	1,430,000			650,068	
Tennessee.....	109	89	78,400	128,930	267,250	200,800	250,800	183,500	32,300	1,430,000			650,068	
Vermont.....	22	23	13,963	13,460	24,700	222,030	154,320	52,240	3,450	192,570			126,731	

FEDERAL AID FOR UNEMPLOYMENT RELIEF

Virginia.....	115	91	60,896	145,400	46,330	217,250	176,910	224,370	134,200	34,720	979,270		680,228
West Virginia.....	58	55	51,268	166,805	68,275	257,740	190,215	260,750	190,215	47,050	1,171,050		875,512
Eastern area.....	1,784	1,573	2,465,865	140,018	1,794,011	7,907,540	7,225,642	8,160,443	4,856,744	1,027,000	36,111,488		22,581,563
Midwestern area:													
Arkansas.....	79	75	121,864	109,260	24,240	160,925	146,240	188,300	112,205	113,500	854,950		572,268
California.....	71	67	45,636	40,280	17,460	91,960	83,330	163,860	70,940	43,750	321,430		407,425
Illinois.....	126	125	290,889	549,535	173,525	1,068,010	677,080	752,645	171,780	136,850	3,543,435		2,268,171
Iowa.....	129	123	48,068	84,935	36,470	146,120	78,710	173,055	77,815	43,250	640,355		373,863
Kansas.....	111	108	43,977	71,090	30,850	131,530	85,240	172,030	48,735	109,800	277,860		1,790,818
Michigan.....	84	84	200,357	324,005	186,260	149,590	119,450	241,400	116,360	40,800	851,670		523,431
Minnesota.....	117	104	97,171	148,330	60,460	288,605	397,160	98,000	126,400	1,402,370			982,634
Missouri.....	156	157	17,472	25,390	11,380	40,280	272,805	397,160	25,350	600,000	205,480		177,032
Nebraska.....	103	91	31,663	59,680	21,280	90,460	66,180	132,000	55,920	27,000	452,200		196,041
New Mexico.....	34	34	13,716	12,430	5,080	27,220	21,800	35,380	27,000	1,300,000	230,980		159,366
North Dakota.....	53	54	21,073	21,790	48,470	48,200	179,430	193,400	115,130	27,300	1,028,850		714,029
Ohio.....	83	83	58,115	128,410	12,860	56,400	34,220	100,000	30,260	27,300	298,530		196,166
Oklahoma.....	22	22	28,293	28,410	12,860	378,660	384,965	298,510	109,000	1,824,160			1,025,398
South Dakota.....	233	202	150,187	240,405	98,560	378,660	305,160	298,510	109,000	1,824,160			1,025,398
Texas.....	86	88	90,035	130,215	30,560	294,750	337,780	114,185	95,200	1,225,960			76,353
Wisconsin.....	31	30	6,658	11,490	3,040	20,755	15,140	28,220	4,500	95,340			89,254
Wyoming.....													
Midwestern area.....	1,557	1,482	1,300,490	2,146,015	2,934,595	2,934,595	4,000,085	1,829,660	1,045,850	16,576,985			10,861,862
Pacific area:													
Alaska.....	11	5	810	1,000	250	50	1,000	5,300	1,700	9,300			256
Arizona.....	19	18	10,502	44,850	17,000	97,050	43,646	59,005	52,105	324,750			238,630
California.....	122	118	126,964	336,161	145,915	480,303	336,625	588,450	98,210	2,244,574			1,574,614
Idaho.....	42	40	9,528	14,346	9,805	24,430	24,430	13,350	1,000	14,680			10,941
Nevada.....	31	31	23,294	33,720	22,750	88,065	37,475	109,600	71,715	300	384,625		330,706
Oregon.....	33	35	20,323	19,433	7,263	52,002	35,202	51,535	28,430	1,300	193,185		106,408
Utah.....	35	35	20,323	19,433	7,263	52,002	35,202	51,535	28,430	1,300	193,185		106,408
Washington.....	39	36	55,350	76,150	186,750	107,915	211,370	93,475	3,000	706,760			449,420
Pacific area.....	317	298	261,467	550,335	234,880	943,185	1,056,782	659,147	51,700	4,078,241			2,177,488

SUMMARY OF VALUES

Total value, all fabrics, approved requests..... \$3,988,440.02

Total value, all fabrics, purchased (ordered)..... 3,702,835.27

The CHAIRMAN. I note, so far as the cotton is concerned, it has all been distributed or committed. Would you care to say whether or not there is a continuing need or request for further clothing and other material?

Mr. PAYNE. There are both need and requests. Our estimate is, and has been, as we get information, that we have been supplying about 20 per cent only of the need.

The CHAIRMAN. And that that need is continuing and obviously additional cotton could be wisely used?

Mr. PAYNE. Yes, sir.

Senator COSTIGAN. Where is the need most acute, Judge?

Mr. PAYNE. It is very hard to say. It is very general—very much spread out—very much like the wheat.

Senator COSTIGAN. Are you in a position to express an opinion as to the relative value of the wheat and cotton distribution in contrast with other relief extended heretofore by the Red Cross?

Mr. PAYNE. I do not know as I get your question, Senator.

Senator COSTIGAN. Please read the question, Mr. Reporter.

(The reporter read the question.)

Senator COSTIGAN. In other words, do you regard it as a highly desirable form in which to extend relief to those who are suffering?

Mr. PAYNE. Very decidedly. For instance, a great many families have something. I have spoken about our distribution of garden seeds. We have kept that up. During the last year we have distributed again, roughly, 350,000 packages.

Now, those people have something. If, in addition to that, they have flour, they can make themselves a fairly good meal and, of course, the clothing is most necessary.

The CHAIRMAN. If I understood you correctly, the national organization has left the question of any standards of need, or anything of that kind, entirely to the local chapters?

Mr. PAYNE. We have never tried to impose a ration.

The CHAIRMAN. Or to impose any conditions concerning the economic situation of a family—

Mr. PAYNE. We have only stressed the language of the bill that this is to the needy. As to what constitutes actual need—

The CHAIRMAN. You have left that entirely to the local chapters?

Mr. PAYNE. Yes, sir.

The CHAIRMAN. Thank you very much, Judge Payne. I should like to have that map, if I may.

(The map referred to was thereupon filed with the committee.)

STATEMENT OF WILLIAM GREEN, PRESIDENT AMERICAN FEDERATION OF LABOR, WASHINGTON, D. C.

The CHAIRMAN. Mr. Green, will you please give your full name to the reporter?

Mr. GREEN. William Green, president of the American Federation of Labor.

The CHAIRMAN. Mr. Green, a little over a year ago when this committee had unemployment relief legislation under consideration a representative of the American Federation of Labor appeared and gave us information concerning the problem of unemployment

and its relief. We would be grateful to you if you would at this time give to the committee any further information concerning the problem, and any comment which you care to make on the general subject.

Mr. GREEN. First of all, I think it proper to state that I have examined Senate bill 5125, providing for the creation of an emergency relief fund and the plan by which the money is to be raised and the way in which it is to be distributed in order to relieve human distress and I wish, after giving this bill careful thought and study, to extend to it my personal and official approval.

It seems to me that the measure ought to be favorably acted upon as quickly as possible at this session of Congress.

I base that opinion upon the needs of the situation, upon the widespread unemployment facts which we have been able to obtain, and upon the terrible distress which prevails among a large percentage of our Nation's population. At the present time relief need is increasing much faster than unemployment.

In the year from October, 1931, to October, 1932, unemployment increased 60 per cent, but the number of families aided increased 94.5 per cent and the amount of relief given, 88.6 per cent. (This report is for 127 cities, according to the United States Children's Bureau.)

In October, 1931, 432,441 families were aided in these cities. The amount expended was \$12,493,484.

One year later, in October, 1932, 840,916 families were aided and \$23,748,956 was expended. That represents the increase for the year. I should venture the opinion that the condition is much worse now and that the need is considerably greater.

In the last year we have depended far more on public funds to meet the relief need than ever before. Through the years 1930 and 1931 approximately 30 per cent of the relief was being furnished by private agencies and 70 per cent by public funds. In October, 1931, public funds met 78 per cent of the relief expenditures, but in October, 1932, public agencies had to carry 88 per cent of the relief expenditures. Contributions to private funds have increased during the past year, but not nearly enough to carry the increasing relief need. From October, 1931, to October, 1932, the relief expenditures from private funds increased 3.8 per cent, but relief expenditures from public funds more than doubled—increased 111.2 per cent.

Inadequacy of relief: At the last report—August—relief allowances in the United States were averaging \$19.19 a month per family, or less than \$4.80 a week. The Department of Agriculture and Children's Bureau have set \$7.50 to \$10 as a minimum emergency budget for food alone for a family of five, specifying that it can not be continued for long without danger; this leaves nothing for shelter, clothing or other necessities. Nearly half our population are now living below the minimum necessary to maintain health and efficiency.

The information we have received shows that out of the \$300,000,000 fund placed at the disposal of the Reconstruction Finance Corporation for relief, only \$112,614,673 had been used for relief purposes or appropriated for relief purposes up to December 31, 1932.

I have some information here regarding relief from private sources.

A report covering 135 community chests, members of the Association of Community Chests, shows the following:

For 1932, these chests raised \$43,723,703, for 1933 they were able to raise only \$34,095,328. This is less than their 1932 funds by 20 per cent, although the need is greater.

Knowing that it would be more difficult to raise funds this year, these chests set their goal for 1933 at \$40,068,224, but they even fell short of that goal by 14.9 per cent.

In spite of their failure to meet growing relief needs by private subscription, it is important to note that contributors have given much more generally and generously of their incomes this year than ever before. The amount raised by the chests for 1933 is almost exactly the same as that raised in the falls of 1928 and 1929 at the peak of prosperity. The decline in incomes out of which these contributions could be paid is shown by the income tax returns. In 1931 these returns were only 20.7 per cent of the returns for 1928. Returns for 1932 were unquestionably lower still—reports for 1932 not being all in. But contributions in 1932 were 100 per cent of the 1928 contributions.

Mr. Allen T. Burns, Executive Director of the Association of Community Chests, reports as follows:

Relief reports show that on the average in each of the last three years the relief load of the county has doubled over the preceding year. While it is hazardous to predict the same rate of increase for 1933 there is no question that the increase for this coming year over 1932 will be as great in amount as 1932 was over 1931. The increased exhaustion of resources of the unemployed is what makes such an increase in relief inescapable. Of course it may be that relief will double again for 1933.

Commenting on the report of 135 community chests, Mr. Burns says:

This is a sufficiently representative sample to indicate that voluntary funds in American communities will be at least 20 per cent smaller than last year. This means that practically no increase in relief can come from voluntary funds for 1933 unless the other welfare services of our communities are to be shattered. So the hope for any adequate relief must lie in public funds, local, State, and national.

Now I have some statements here as to the relief needs in cities. I can go over them in a moment, if you would like.

The CHAIRMAN. We will be glad to have you do so.

Mr. GREEN. Relief needs in cities: In Denver the estimate was that its relief need was about twice as great in the first four months of 1933 as in the same months last year. Mr. Guy T. Justis, executive secretary of the Denver Community Chest said:

It is my own personal opinion, and I think the opinion of most of our business men and others studying this question, that while conditions probably will improve, the recovery will be slow, and a very large percentage of those who are being helped during the winter will be able to find little or no work even during the summer months.

Denver has already applied to the Reconstruction Finance Corporation for something over \$400,000 for the three months next succeeding, and estimates that its needs for the first four months of 1933 will be something over \$800,000.

Seattle: Mr. John F. Hall, executive secretary of the Seattle Community Fund, makes a "conservative estimate" that the State of Washington will need fifteen to eighteen million dollars for relief during 1933. King County, including the city of Seattle, is now spending at the rate of over \$400,000 a month, and the expenditure is rapidly increasing. Their estimate is made on the assumption that average conditions will not be improved between now and December 31, 1933.

New York: In 1932, the city of New York spent \$79,403,000 for public and private relief. Next year they estimate that \$106,200,000 will be needed according to the report of Mr. William Hodson, executive director of the welfare council.

Governor Lehman says:

The number of those who need help is still growing. The period of distress has lengthened until family after family, who up to the present have been able to live on their own savings, have been forced to ask for public aid. The most difficult months are ahead.

The governmental units and private citizens of this State have joined together to do their utmost; but the problem has now reached the point where aid from the Federal Government is needed. The Federal relief bill so defines the conditions under which Federal credit may be made available to the States for unemployment relief that up to the present it has been difficult for New York State to apply for aid. The time has come, however, when it is absolutely essential that such application to the Federal Government be made by our State. It is no longer possible to avoid the necessity. I hope, however, that the terms of the act will be modified and a broader interpretation of the bill given so as to make it easier for us to benefit from this Federal source in meeting the needs of our unemployed.

Mr. Bailey B. Burritt, chairman of the emergency work and relief bureau committee, says:

At present 17,250 persons are on the relief pay roll. If the relief standard is reduced so low that it becomes impossible to assign work in lieu of direct relief, there results a great sacrifice of human self-respect and potential future economic productivity that is priceless.

There is grave doubt whether the three-fourths of us who are still at work and have incomes have a right to the exclusive use of such opportunity and such income until more of it has been utilized in making possible some minimum opportunity for work to buy bread for those whom we as a society have deprived of work.

The present case load of the private family welfare societies number 23,000 families, and directors of these agencies report that all of them are struggling to maintain a difficult financial position because private contributions have shrunk considerably since 1930, and their resources are so strained that they are powerless to accept any considerable body of new cases.

Mr. Burritt states that a crisis is only two weeks away unless the \$15,000,000 fund from voluntary contributions can be raised by January 17.

Chicago: The Illinois Emergency Relief Commission has just made an estimate of relief needs for 1933. Important points of their report are as follows:

First. Present standards of relief allow the payment of rents only in rare instances—in most cases only after eviction. The Commission states:

It is likely that in the future, in order to prevent extreme suffering on the part of destitute families in Cook County, it will be necessary to pay rents more frequently. This change in relief standards is expected to call for an additional \$5,000,000 during the first six months of 1933.

Second. The report states that since many of the families now living on savings, borrowed funds, etc., must be expected to exhaust such resources, it seems probable that even if employment conditions remain the same, the number of families on relief will increase, and that "even a marked gain in employment will not for several months, if at all, appreciably reduce the number of families receiving relief."

Third. It is estimated that the total relief need for Cook County will be in the neighborhood of \$80,000,000 for the year 1933 and the gross requirements for the State for this year will be about \$92,000,000.

Fourth. The sources of taxation and private giving, from which relief needs are now being met, will not be adequate to meet requirements for 1933. The maximum amount which can be raised by the bonds provided for in the fourth special session of the legislature will, it is believed, fall far short of the sum needed. It is estimated that on the whole, at the very least, \$47,000,000 will be needed for Cook County and \$4,000,000 for downstate relief, in addition to the funds that can be raised from local and State sources.

San Francisco: Ray W. Smith, of the San Francisco Community Chest, estimates that the relief need for San Francisco for 1933 will be "in the neighborhood of \$8,000,000." In the year ending October, 1932, San Francisco's relief bill was approximately \$3,700,000.

Boston: Roy M. Cushman, of the Boston Community Chest, estimates the relief needs for Boston for 1933 as "somewhere between \$13,500,000 and \$14,000,000." In the year ending October, 1932, Boston spent \$13,000,000 for relief.

Now, I could add to these figures, which we obtained and compiled out of the reports received at our headquarters, additional distressing facts, but it seemed to me that these figures on these situations in these cities and States to which I have referred are fairly representative of the entire situation throughout the Nation. I realize, however, there are conditions in some localities where the distress is even greater than is reflected in the figures and information which I have just submitted. I know that in the coal-mining fields of the Nation, the human distress which prevails beggars description.

Senator COSTIGAN. It is particularly acute in those fields, is it not?

Mr. GREEN. Senator, it is particularly acute. The word "terrible" does not describe it, and, of course, they live in such isolated sections, remotely located from the city centers, that they escape to a very large degree the attention which distress of that kind would command in a city. They live out in the mining camps, some of them miles away from towns and cities, in the mountains and in the hills and in the valleys and in the plains, and there they suffer from unemployment and want at present which represents the accumulated distress of three or more years.

I am certain that the people generally do not fully understand and appreciate the terribly distressing conditions which prevail in many of the isolated communities of the Nation. We know, of course, that in the cities the needs this winter are greater than ever before.

Unemployment has increased and is constantly increasing; the limited resources of more people are now becoming exhausted and more families are reaching the point where they must be helped. The private relief agencies have almost broken down. The situation has extended over such a long period that it has now lost its humane appeal, because it is accepted now more as a matter of fact, and, as a result, it is more difficult to touch the heart. The people have become hardened to these conditions, and, to me, this is a serious thing.

Our trades unions have been assisting their membership in the cities in a very commendable way. There are some of our trades unions which show, by the records, that the members who are working contribute 25 per cent of their salaries to take care of their members who are idle. Some of those contributions run as much as \$15 to \$20 per week, contributed per member, out of the meager earnings of those who are at work.

The CHAIRMAN. Have you any estimate as to how much, for instance, last year—1932—the trades unions—

Mr. GREEN. Contributed?

The CHAIRMAN. Yes; contributed in the way of relief.

Mr. GREEN. I have the figures in our office and I will be glad to send them over for inclusion in the record, if you care to use them. It is a very large sum.

Total trades unions unemployment benefits:

1929-----	\$276, 717. 50
1930-----	3, 311, 279. 50
1931-----	9, 146, 724. 35

Comparable figures for 1932 are not yet available, but will approximate—if not exceed—those for 1932.

The CHAIRMAN. I presume it is also a fact that, as unemployment continues, and the wage scales go down, the ability of those who are working to contribute diminishes?

Mr. GREEN. Yes, sir; and of course it was never intended in the beginning that wage earners would be called upon to contribute, out of their meager earnings, for what seems to be an indefinite period. It was only intended in the beginning that it would be temporary they could help idle workers during the temporary period—but now it has resolved itself into a condition where, week after week, without hope of relief, they are called upon to make these contributions and, as you say, with wage cuts and part-time work being imposed, it makes it very difficult for those who are working to continue their contributions and that is an additional reason why the Federal Government—the Nation—should come to the aid of those who are in distress.

The CHAIRMAN. Have you any impression as to what is happening to the morale of the people who have been out of work over a long period of time, and who, under our haphazard and inadequate relief programs, have been forced to go through the process of pauperization before they are even eligible for the meager relief that is being provided?

Mr. GREEN. Well, that is a phase of this unemployment situation that, to me, is of tremendous importance, and we come in contact with that through the reports received from our trades unions and central bodies and State federations of labor, located in the towns and cities

and States of the Nation. It is that tremendous loss in intangible value, that in my judgment, constitutes the greatest cost to the Nation that is coming out of this terrible period of distress. The breaking down of the morale is appalling. Men lose hope and faith. They look into the future in a sort of blank way. They are not the same men; they are not the same women; they are not the same workers, after three years of this terribly distressing experience. There is a loss of self-respect, of the pride and strength and courage and faith that are characteristic of our people when things are normal.

That has been lowered and I suppose there is no measuring rod by which we can measure the terrible loss that the country has suffered as a result of lowered morale, the destruction of self-respect and the loss of faith and courage.

The CHAIRMAN. And the ultimate bill which society will have to pay?

Mr. GREEN. Yes; that is an obligation that it must eventually meet.

Then, of course, there is the condition of the children, underfed and undernourished. I shudder to think what the next generation will be and the succeeding generation, perhaps, because the distress among the children is just terrible and of course they are suffering from malnutrition. They are underfed and undernourished, and it is unreasonable to expect they will grow up to be strong, vigorous, healthy men and women under such conditions and circumstances.

The CHAIRMAN. Most experts agree that that damage is permanent in character.

Mr. GREEN. I am inclined to believe it is. Of course, much of it and most of it, I believe, is traceable to the fact that the amount of relief supplied is inadequate. It does not meet the minimum subsistence needs. The amount of relief, staggering as it seems to be, when you total the figures, is inadequate, because impoverished cities and impoverished communities are attempting to make the limited amount of relief go just as far as it will. That means that the family is not receiving, in relief, an amount adequate to meet the minimum subsistence needs.

The CHAIRMAN. Mrs. Tyson testified yesterday that a prominent industrialist in Pittsburgh informed her this fall, when there was some slight increase in the productive activity of his corporation, that many of the men who were called back to be given part-time employment, were in such physical condition, individually, that they could no longer perform a normal day's work. Would you consider that to be an exceptional situation?

Mr. GREEN. No, sir; I consider that to be a fact that has grown out of this continued long period of depression and distress.

I am sure that resumption of normal activities will show a decline in efficiency of the American workingman and woman and it will take a long time before we get back to a recognition of that high standard of efficiency that has always characterized our own country as being superior, perhaps, and above all the producing nations of the world.

The damage is terrible; it is immeasurable. It is reflected in the terrible decline in human values and that involves morale, faith, trust, hope and confidence—those things which it is very difficult to define and that are going to say with us for a long, long time.

I feel that the situation is so serious that I believe that if men in public life, as well as the people generally, understood it fully that public opinion would crystallize to the point where Congress would almost be compelled to enact a measure of this kind quickly.

Now, I do not know, Senator, that I could add anything more unless you wish to ask me questions.

Senator COSTIGAN. President Green, from the beginning of the present crisis, the statistics of the American Federation of Labor have been widely used. What facilities do you have for gathering information concerning the extent of unemployment?

Mr. GREEN. Senator, I think we have the best facilities of any organization in the Nation to collect these figures. I will explain to you in detail.

We have prepared a standard blank report card and of course in every community of the United States we have local organizations, city central bodies and, of course, in the States the State Federations, but we rely upon our local organizations for information upon unemployment and, through our plan, the local representative of each local organization is called upon to file with us a monthly report of the number employed and the number unemployed, the total and the number working part time and the extent of part-time employment.

When these cards are all in, we assemble them, and, through an expert mathematical examination and deduction, we arrive at our figures, and these figures have proven to be correct and are generally accepted.

Senator COSTIGAN. Are your deductions drawn exclusively from union records?

Mr. GREEN. Yes; but these records reflect and represent and portray the employment situation in each and every community.

Senator COSTIGAN. In view of the greater efficiency attributed to union workers, is it possible that the unemployment in nonunion circles is more extensive than that in union groups?

Mr. GREEN. Well, I hardly think so, Senator, because there has been a great deal of "made" employment in the different cities and communities to which nonunion workers, if I may put it that way, or unskilled workers, have been assigned. I can not conceive of a condition where the unemployment would be worse than in the building trades industry, because 82 per cent of those employed in the building trades industry are affected by the unemployment situation.

Only 18 per cent of the entire number employed in the building industry are working at what you would term fairly regular employment and that is usually repairing and modernization, because, as you know, there is no new building construction of any consequence; 69 per cent are totally idle and 13 per cent, I think it is, or 14 per cent, are working part time; 18 per cent are fairly stable.

Senator COSTIGAN. Is it your view that your figures accurately reflect agricultural conditions?

Mr. GREEN. We do not gather figures on the agricultural situation, Senator; so I am not in a position to refer to that.

Senator COSTIGAN. One other question: What, in your judgment, are the most accurate figures we now have as to the extent of unemployment in the United States?

Mr. GREEN. Well, I should think that the figures presented by the American Federation of Labor would be regarded as the most reliable and correct. The Government itself does not collect these figures monthly as we do. Some of the statistical organizations in the country do, but not nation-wide as does the American Federation of Labor.

Senator COSTIGAN. Have you your own estimates with you as to the extent of unemployment?

Mr. GREEN. The report for last month was made just a few days ago. I did not bring that report with me, but I will send it over if you would like to include it in the record.

The CHAIRMAN. I think that should be included.

Mr. GREEN. Just a few days ago we made the last report.

(The report referred to is printed in full as follows:)

William Green, president of the American Federation of Labor, issued the following statement on unemployment to-day, January 7, 1933, based on reports received from affiliated organizations:

Unemployment is now at its all-time peak. Our preliminary estimate of the total number out of work in the United States in November, 1932, based on Government figures, shows 11,590,000 unemployed; this is higher by 130,000 than the previous peak of unemployment, in August. Reports from trade-unions for the first part of December show unemployment higher even than in November. We are experiencing the worst unemployment crisis in our history.

Those out of work are in greater need now than ever before, for after three years of depression their resources are exhausted. Mental and physical wreckage caused by depression is driving families to seek relief in constantly growing numbers. Relief need is increasing much faster than unemployment. In the year ended October, 1932, unemployment increased 60 per cent, but the number of families aided increased 94.5 per cent and the amount of relief given 88.6 per cent.

One encouraging fact, however, is shown by the November unemployment estimate and by our trade-union reports for November and December; unemployment is increasing less rapidly this fall than in any other depression year. Even in the fall of 1929, the increase in unemployment was greater than it has been this year. In the three years before 1932, industrial and farm layoffs threw nearly one million persons out of work from October to November. This year only about 700,000 lost their jobs. Thus 300,000 men and women who might have been laid off have been kept at work.

Our unemployment figures are as follows:

	Estimate of total number unemployed in the United States	Trade union unemployment (per cent of membership)	
		Unemployed weighted	Part time
April, 1930.....	2,964,000	13.3	-----
1932.....			
January.....	10,304,000	23.1	19
February.....	10,533,000	23.0	20
March.....	10,477,000	22.5	20
April.....	10,496,000	22.8	21
May.....	10,818,000	22.8	22
June.....	11,023,000	23.6	21
July.....	11,420,000	25.4	21
August.....	11,460,000	25.1	21
September.....	10,880,000	24.8	22
October (final).....	10,875,000	23.9	22
November (preliminary).....	11,590,000	24.2	22
December (preliminary).....		24.9	22

¹ Revised.

Senator CUTTING. Have you any information as to what is known as the transient problem—these wanderers around the country?

Mr. GREEN. We have some information, but upon that very serious problem about the best we can do, or anybody can do, is to base an opinion, because no one, I think, collects any statistics upon it. Most of them are made up of college boys and school boys. You refer to the boy movement?

Senator CUTTING. Yes; largely boys. Of course, there are others.

Mr. GREEN. The estimates are based upon such reports as we are able to obtain; namely, that there are five to seven hundred thousand of these boys—transients—wandering up and down the country.

Senator COSTIGAN. Of what ages?

Mr. GREEN. Young boys, ranging from 16 to 25 or 26 years of age.

Senator CUTTING. You have not been able to get any accurate statistics on that, of course, I understand, but that would be your opinion of the number?

Mr. GREEN. Yes. We have no figures on that, Senator, I am sorry to-day. I doubt if anyone could gather them.

Senator CUTTING. Do you not regard that as a Federal problem rather than a problem for the States?

Mr. GREEN. Yes; I think that is a very serious Federal problem.

Senator CUTTING. Of course, you have heard the argument so often made that Federal aid of this kind will dry up the local and State funds which have been provided in the past?

Mr. GREEN. Yes.

Senator CUTTING. Would you like to comment on that?

Mr. GREEN. That argument never appealed to me, because I believe the local, city and State bodies will do all they can under any circumstances. But the load is too great and I think that even those who looked upon Federal contributions as a violation of same sacred principle have been forced to compromise their views and their principles because they are all doing that now. The stern economics of the situation compels that. Experience is a great teacher and it has shown us that we can not take care of this terrible load without coming to the powerful Federal Government. So, that argument in no way appeals to me.

Senator CUTTING. It does not appeal to me either. I wanted your reaction to that.

Mr. GREEN. Then we are in accord on that, Senator.

Senator CUTTING. I am glad of that.

The CHAIRMAN. The committee will stand in recess until 2 o'clock. (Whereupon, at 11.20 o'clock a. m., the committee took a recess until 2 o'clock p. m.)

AFTER RECESS

The subcommittee met, pursuant to recess, at 2 o'clock p. m.

Present: Senators La Follette (chairman), Cutting, and Costigan.

STATEMENT OF DONALD R. RICHBERG, GENERAL COUNSEL RAILWAY LABOR EXECUTIVES ASSOCIATION, CHICAGO, ILL.

The CHAIRMAN. Mr. Richberg, will you please give your full name, address, and state whom you represent?

Mr. RICHBERG. My name is Donald R. Richberg, counsel for the Railway Labor Executives Association. I am speaking in behalf of the association which represents the 21 standard railroad labor organizations. I do not think it is necessary, probably, to go into any details concerning the membership of that association.

The CHAIRMAN. When this committee held hearings a little over a year ago on unemployment and its relief, you appeared in the same representative capacity and gave the committee interesting information concerning the situation in the transportation industry. The committee would be very grateful to you if you would proceed, in your own way, to recapitulate, in so far as you think necessary, the data you gave us previously, bringing it down to date, and give us any additional information which you think would be helpful in the consideration of this general subject.

Mr. RICHBERG. Mr. Chairman, I have prepared a brief statement which is rather an outline of what I would like to present to the committee and I might proceed to follow that outline and explain it and answer any questions you see fit to ask.

It was almost exactly one year ago when I testified before this committee, in behalf of the organized railway employees, urging the passage of a similar bill. To-day the need for Federal relief is far greater and more desperate.

Here is a brief picture of increasing unemployment distress in the railroad industry:

From 1923 to 1929, during the "prosperity" period, 200,000 rail workers lost their jobs and labor compensation declined over \$110,000,000.

The CHAIRMAN. Was that for the period?

Mr. RICHBERG. That is over that period. That is, the total loss of labor in wages in that period was something like \$737,000,000, but the difference between the yearly pay roll in 1923 and the yearly pay roll in 1929 was approximately \$110,000,000.

In 1930 and 1931, 550,000 more rail workers lost their jobs and labor compensation declined over \$800,000.

In 1932, 100,000 more rail workers lost their jobs and labor compensation declined about \$500,000.

This was a year of not only drastic reductions in force, but was the year in which the 10 per cent reduction in wage rates went into effect, and in which a great many economies of operation were put into effect, further reducing the compensation.

This means that we have accumulated in total about 850,000 unemployed rail workers and a loss of about \$1,410,000,000 in annual purchasing power which was largely used for the necessities of life.

Senator CUTTING. About what percentage is that of the total number of rail workers?

Mr. RICHBERG. Well, that is approximately, if we start with about 1,900,000, a reduction of 45 per cent. There is a loss from that standard of 850,000. As a matter of fact, as I have taken the norm here, it is a loss of about 47 per cent, I would say.

The CHAIRMAN. Before you leave that point, may I ask you whether there have been technological improvements in transportation which indicate permanent loss of employment even though conditions anything near the former normal were attained?

Mr. RICHBERG. Yes, Mr. Chairman; this 200,000 which were lost from 1923 to 1929 represented wholly such a loss, because of technological advancement—the substituting of machine power for man power—because the transportation service remained about stationary. It increased about 8 per cent in freight and declined in passenger traffic.

As a matter of fact, by 1929, a great many of these developments had come into effect and were being made effective as, for instance, the operation of heavier locomotives, moving of longer trains, and so on, and then there were freight declines experienced, but, as a result of the intensive economies of the last two years, a part of this unemployment is due wholly to technological causes—substitution of machine power, wherever possible, for man power.

Now, I have here the figures which will check more or less closely with the Interstate Commerce Commission reports. I have put them into round figures so that they may be easily presented and, of course, these declines of employment took place with differing variations in intensity and over a period of years, but the total results are as stated here.

During these dreadful years hundreds of millions of dollars in savings, in property, in clothing, household supplies, even reserves of food and fuel, have been used up by those with no income for replacement. Public and private relief funds have been drawn upon and exhausted.

During all this time, and with increasing emphasis—and I speak now from quite intimate knowledge of the actual conditions in the railroad industry—the principal source of aid has been the employed workers who have supported and are supporting the great majority of the unemployed and their families. Employed rail workers to-day are almost universally supporting additional dependents. They have been told that the cost of living has been reduced. They have found that the increased cost of human sympathy has far outweighed any gains through a reduced cost of living.

Now, I know that, Mr. Chairman, because I have personally talked with literally hundreds of the men in all parts of the country to test that, because that is the only way to obtain that information. I find the men in the better paid services are universally supporting 2, 3, and even 4 persons, and sometimes entire additional families that they did not support before, of junior men in the railroad service or relatives or friends employed previously in other services.

The CHAIRMAN. Does this mean there has been a decline in the standards of living of those employed, out of all proportion to the wage cuts?

Mr. RICHBERG. Entirely out of proportion. I would repeat here what was said at the recent conference we held at Chicago. We were there told that the cost of living had been reduced and therefore the wage earners could afford to take a cut, but we found, as a matter of fact, that what we call the increased cost of human sympathy had far outweighed the reduced cost of living. There is no question, therefore, that the wage earners are living to-day far below the standard of living which they had two or three years ago quite regardless of the 10 per cent deduction in wages and regardless of the fact that they are working several hundred thousand of them on

part-time and regardless of the fact they have reduced their earnings by dividing up work.

But in addition to that, there is an enormous absorption by the employees themselves of the costs of this unemployment burden. These men are contributing all out of proportion to the contributions from charities and other sources, to funds to maintain unemployed members of their organizations in their home towns and toward the maintaining of commissaries and relief work of their own.

These employed rail workers, who are commonly misrepresented as "high paid wage earners" consist of about 200,000 men whose net earnings average less than \$35 per week and 700,000 workers who average less than \$23 per week. Part-time work and "share-the-work" programs reduce these earnings further. These figures exclude only 100,000 officials and salaried employees. They include practically all the hourly paid employees.

I should perhaps explain that a little further because of the common misconceptions in regard to the high pay of some of these workers. Of course, the transportation employees, so called, are included in these 200,000 men I mentioned. That is about all that are left in that service. Some carry a higher rate of pay than the figures I have given and some very much lower and, in addition, they all carry an expense which is commonly neglected, but paid in other industries, and that is the away-from-home expenses—the expense of living away from home—which is a burden which is commonly estimated as about 12½ per cent of their income.

The CHAIRMAN. A substantial amount?

Mr. RICHBERG. A very substantial amount. For instance, if a salesman were sent out from a mercantile establishment and, aside from his actual traveling expenses, were expected to live out of his salary, his situation would be analogous to that of these transportation employees.

You have heard here in Washington a great deal about the distressing condition of the railroads—the financial distress, the distress of railroad security holders. It has been regarded as proper to issue Government bonds and to devote hundreds of millions of public dollars to relieve that distress. We do not criticize such relief measures. But is it not infinitely more important and necessary to use the national credit to relieve the dire distress of the human beings who are the flesh and blood of industry?

If 850,000 unemployed rail workers, or less than one-twelfth of the total unemployed, were aided by one-twelfth of the proposed \$500,000,000 provided in this bill you would be supplying only about \$40,000,000 for emergency relief to over 800,000 workers, or about \$50 each, which, counting only two dependents per worker, would mean about \$16 per human being. Surely no one can contend that this bill provides for any extravagant waste of public money.

I would like to call particular attention to this figure of 850,000 rail workers because I think you can say that the rail workers who have been displaced are totally unemployed. In the first place, many railroad employees are dead-alley employees. The men are not trained for anything else or for fitting into any other scheme. In addition, men displaced as far back as the "prosperity" period went on the furlough lists hopeful of returning to employment later

and did not attempt, in the normal course, to acquire any gainful occupation, and were, therefore, entirely out of resources when the general depression hit the country.

So you have the residuary amount of 200,000 men gradually displaced before the depression began, to be added to those displaced since, who have had less opportunity to get work because of the nature of so much of the railroad work. No one certainly can contend, in the face of the testimony taken here, with which I am somewhat familiar, that the needs of this emergency relief is not desperate. No one can contend that the money can not be easily raised on Government bonds, as you provide.

In giving whole-hearted support to this bill the railway employees, however, must also make clear their position, that this is only a pitifully small measure of relief to meet unavoidable demands and to alleviate acute distress. We would point out that Congress must not be satisfied merely with assisting public and private relief agencies to prevent wholesale starvation and intolerable physical distress. The object of Federal relief should not be merely to prevent masses of the people from choosing between suicide and revolution.

Now, this is our position which I feel should be made very clear in this case in connection with our whole-hearted support of this bill as urgently needed, knowing the distressing conditions existing throughout the country and the absence of any very adequate relief—and by "adequate" I refer to the extent to which it goes. We want to make our position in the handling of this practical problem quite clear.

First. To limit Federal relief to emergency aid for the destitute is to carry on a policy of gradually pauperizing the Nation. The persistent reduction of the living standards of more than one-fourth of our population to mere subsistence, is creating an army of submerged workers who, by competitive labor, will drag the entire body of manual workers down to lower and lower levels.

I want to give a very unpleasant example of that which has come to my attention in the last few days, without particularizing to attack a particular railroad. But one of the great railroad systems of this country, because they can obtain labor now for 90 cents a day, is using labor on that wage scale for construction purposes, although they ordinarily handle their maintenance-of-way work with their maintenance-of-way forces. The maintenance-of-way forces, men who get the enormous sum of 35 cents an hour, are too expensive for the economy of railroad purposes; therefore, this particular railroad is building new construction work with labor paid at the rate of 90 cents a day.

There are many instances of this sort of the driving down of the level of living by this constant competition of low-paid labor.

I might give another example, that we have had a great deal of difficulty with, and that is, for example, in the Pullman service. In order to save the wages of Pullman conductors, the Pullman Co., is adopting, as an emergency measure, putting Pullman porters in charge of cars instead of conductors, because by doing that, they have only to add \$5 a month to the wages of the Pullman porter. Therefore you have substituted an underpaid porter, supported largely by tips, for a previously self-supporting individual.

Those are just two examples that came particularly to my attention. In regard to the employment of cheap labor on the railroads the instances I have named are not exceptional.

The CHAIRMAN. Are you apprehensive that the conditions may be extended and become more aggravated?

Mr. RICHBERG. That is perfectly evident, and if you consider the possible transfer of work from the shops of railroads to outside contractors who may not be required to maintain a respectable wage scale, all we have to do is to go back to 1921, when that became almost the universal practice of the railroads of the country, to contract out the work and thus evade the wage scales they were paying, by agreements, to their employees. We know from sad and very bitter experience just how this competition of underpaid labor breaks down the whole wage scale.

The result is that the fiber of the Nation is being steadily weakened; self-respect, courage, and initiative are being destroyed in millions of homes by years of idleness, malnutrition, and despair. We must check this national degradation at any cost. To continue present industrial competition in reducing the standards of American living, and present competition in reducing the standards of charitable relief—and I think you have a great deal of testimony on that—and present competition in reducing quality or quantity of necessary public services, is simply to engage in competitive suicide. That we are engaged in it, anyone can see; and certainly we are getting a demonstration of what it means in this country to-day.

Second. It has been demonstrated to be futile to utilize national credit and to mortgage the future in order to try to support, temporarily, property values which can only be supported by employed workers earning decent livelihoods on the farms, and the cities, and on the highways.

If time permitted and I had the ability, I could expand that particular proposition into a volume. It seems to me that is one thing that has been made overwhelmingly clear during the years of the depression. You can not maintain property values and security values except by maintaining the earnings of the workers. Out of the earnings of the workers must be taken the interest paid on capital and all the returns that create property values; and when you are constantly cutting down the earnings of the workers, you are cutting down property values, and you can not maintain them by constantly borrowing money to maintain interest payments. It is a hopeless proposition, and I think all of the operations of the Government have demonstrated that it is hopeless. Huge sums of money have been loaned the railroads in order to protect their financial situation, but what is the result? With declining revenue, they are getting into worse and worse condition all the time, and all that is happening is that they are sinking deeper and deeper into the mire of debt.

Third. Our national credit should be used to mobilize, and to bring about the utilization of, our natural resources, our man power, and our industrial facilities, so as to provide compensatory employment for all those capable of self-support.

Fourth. While not advocating the permanent socialization of business or property, we believe that an emergency governmental control is now as essential to the national welfare as it would be in a time of war.

In other words, we see no way of checking this constant competition for lower standards and the constant degradation of the standard of living except by a governmental control to establish common standards. It is exactly the same type of problem I have been testifying to this morning before a subcommittee of the Committee on Interstate Commerce, in the way of pensions. One railroad can not maintain a decent system of pensions unless its competitors maintain it. If one railroad throws out upon the public its unemployed in old age—

The CHAIRMAN. It throws that cost on society.

Mr. RICHBERG. Yes; and someone must bear it, and such a railroad is in unfair competition with the railroad attempting to meet the problem.

Senator CUTTING. How far would you extend governmental control of that kind?

Mr. RICHBERG. Practically as far as necessary to put the employees to work by whatever means were necessary.

In a word, it seems to me that by a concerted national effort, such a mobilization as we have had in time of war, it would not be at all impossible by the utilization of Government credit to put factories into operation to bring the unemployed industrial workers back to work, to bring the products of the farm to those workers, and, by bringing up the prices of commodities on the farms so that a decent living would be had by the agricultural workers, to bring about that exchange of products, the lack of which at the present time seems to indicate the absolute insanity of the whole system.

Of course, we have talked much during the last few years about the absurdity of surpluses on the farms, surplus productive power in the factories, and surplus transportation facilities, and no ability to put these people to work—but we have made no concerted effort to do so.

Senator CUTTING. You realize there is, of course, a strong urge for governmental retrenchment at this time?

Mr. RICHBERG. There is.

Senator COSTIGAN. Not only that, we have not succeeded in bringing the surplus food and the unemployed people together.

Mr. RICHBERG. We absolutely have not; and it is difficult for me to understand that particular policy—I can understand the necessity for the elimination of waste and duplication of effort, but I can not understand the policy of throwing out of employment hundreds and thousands of workers and then turning around and appropriating money to help meet the problem of the unemployed. I am frankly out of sympathy with the proposals of some of these "economy" organizations.

Senator CUTTING. Do you not think at times it is necessary for the Government to extend its activities?

Mr. RICHBERG. It is necessary for the Government to extend its activities; and just as in time of war you issue bonds and borrow against the future to protect the future of the Nation, so if you can not raise, by taxation, the funds to carry through such a program, you can raise it by borrowing against the future. Of course, the minute you start the wheels of machinery moving, the minute commodity prices begin to rise, the entire taxation problem you are discussing begins to disappear, because then the sources of Government revenue open up.

Senator CUTTING. In other words, it would be easier to balance the Budget in years of prosperity than in years of depression?

Mr. RICHBERG. Absolutely.

Senator COSTIGAN. And the raising of funds in the manner you suggest does not really involve unbalancing the Budget?

Mr. RICHBERG. As far as I can see, it will be impossible for us to balance the Budget as long as we are going downhill. I do not believe it is possible to balance a budget while sliding downhill. Your revenues are diminishing and you can not increase your economy without accentuating the speed of the descent.

Senator COSTIGAN. A bond issue is not properly chargeable against the Budget, is it?

Mr. RICHBERG. That is not my understanding of it. It is not a means of raising revenue. It surely is not the method in normal accounting. If you think of it in a broader way and think of it as the raising of capital for the benefit of the whole Nation for the future, any such expenditures should not be charged as current expenditures.

Fifth. The last point I have listed is that we advocate a civil mobilization under civil authority to organize our resources for national defense against the destructiveness of present uncontrolled economic forces.

The kindergarten arguments of those in high places, who are still waiting for economic disease to cure itself, merit only contempt. Frankly, I can not differentiate between a great economic crisis such as we are facing, or a vast epidemic, or anything of that sort, and the menace of war.

Public physicians who urged us to let an epidemic run its course would be universally condemned. Economic illness is primarily man made and can be cured by the use of human intelligence or aggravated by human timidity and folly.

I do not pretend to be an economist in the sense of one having a series of university degrees in such subjects to my credit, but I have long been a student of political economy and a student of the law, and it seems to me quite obvious that our economic conditions are all man made. This is a kind of social structure and business structure which we have built up in which we live. It is not a creation of Providence—something found in the world; it is not a natural product; it is man made and if it is not working correctly, it is subject to correction by the men who made it. The idea of saying that the system is going badly and therefore we must wait until it begins to

go rightly is a type and kind of logic I can not follow. It is simply our own system that is not going rightly. It is as though a man whose office gets in such a mess that he can not do business, should then sit down and say, "If I wait long enough it will straighten itself out and everything will be all right."

That is the whole situation, as I see it, in regard to our economic conditions. We created society and created, by law, the corporate forms of activities which permit this tremendous mass organization of our resources and therefore permit mass destructive policies. All these factors in our system are man created and certainly the remedy for them lies in new systems—

Senator COSTIGAN. In your last statement, do you want to go on record as favoring a nationally planned economy?

Mr. RICHBERG. A nationally planned economy is the only salvation of our present situation and only hope for the future in the complications of modern life.

To conclude what I have to say, definitely in behalf of the organizations I represent, I want to say that we indorse this bill to provide for the relief of immediate and acute distress, in the hope that through such relief opportunity may be given, even at this late hour, for the development of a program of economic recovery by public officials who have faith in planning for recovery. I say "at this late hour" because of assuming that we still have an opportunity to plan in the midst of order and comparative social regularity.

We trust that such a program may be devised in confidence; that it will not be sabotaged by those who administer it—which I think is a very important part of the program. We hope that such a program may be made effective before too large a percentage of the people have been starved into either hopeless resignation or desperate revolt.

I would like to say there that the menace, as much as any other, to the future is not merely the danger of revolt, but the danger of destruction of character and confidence and faith of the people until they are unable to adopt and carry forward real programs for their salvation.

The patience of the American people with leaders who are either unable or unwilling to lead has been astounding; but it can not be everlasting. There are many signs that if the lawfully constituted leadership does not soon substitute action for words, a new leadership, perhaps unlawfully constituted, will arise and act. We commend this bill as a better means of preserving law and order than machine guns and tear gas.

I would like to say, in amplification of what I said concerning leadership, that I am not referring merely to political leadership. I am referring to industrial leadership and I am referring particularly to the field of labor leadership; in other words, there is a demand in every avenue of life to-day for a leadership that will really lead.

The present leadership is a result of the system which has built up what we call lawfully constituted authority, but we find everywhere that the system is breaking down and showing cracks and there is a rise of irregularly constituted leaders. You see that dem-

onstrated in the tax strikes; in the efforts to prevent foreclosure of farm mortgages. We can find that exactly in the same way in labor organizations where internal rifts develop. In every avenue of our public life I think that condition is developing.

The CHAIRMAN. The committee is very grateful to you, Mr. Richberg. I am sure that I speak for the members of this subcommittee who are present in saying that we do not regard this bill as anything more than a treatment of one of the symptoms of this disease of depression.

The committee will stand in recess until to-morrow morning at 10 o'clock.

(Whereupon, at 2.30 o'clock p. m., the committee took a recess until to-morrow, Friday, January 13, 1933, at 10 o'clock a. m.)

FEDERAL AID FOR UNEMPLOYMENT RELIEF

FRIDAY, JANUARY 13, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee reassembled, pursuant to the recess of Thursday, at 10 o'clock a. m., in room 212, Senate Office Building.

Present: Senator La Follette (chairman).

The CHAIRMAN. The subcommittee will please be in order.

STATEMENT OF MISS WILLIE GREEN DAY, EXECUTIVE SECRETARY, MONTGOMERY COUNTY, MD., SOCIAL SERVICE LEAGUE, ROCKVILLE, MD.

The CHAIRMAN. Will you please give your full name and your position?

Miss DAY. My name is Willie Green Day and I am executive secretary of the Montgomery County, Maryland, Social Service League. This is an agency which coordinates and directs social work in Montgomery County, Md. We look after the family relief and welfare work of the county, after the juvenile court and probation work of the county, after the child placing and supervision of the county, and are organizing and directing the work of the emergency work bureau.

The CHAIRMAN. Can you tell the committee anything about general unemployment relief conditions in your county?

Miss DAY. I shall be glad to. My observation of this district has extended over a period of the past two years, in which I have been actively interested in developing plans to meet the needs in that district.

Before going into the actual situation, if you would permit, I should like to give you a little description of the district itself.

We have a county which borders Washington. Much of the population of our county includes suburban Washington areas—Chevy Chase, Silver Spring, Bethesda, and along the Cabin John and Conduit Roads. Going through this district, we go through first the village section, the so-called metropolitan section, and then into the remote rural part of the county which, in most part, is so hilly that it may almost be called mountainous.

The district has a population of approximately 50,000. Approximately 18,000 of the 50,000 live in the metropolitan area and the balance is scattered throughout the rural section. About one-third or perhaps one-fourth is colored, with approximately two-thirds of the population white. The district is mainly agricultural, other

than those residential sections which are adjacent to Washington. The people, therefore, are largely engaged in farming pursuits.

We, in Montgomery County, do not feel that we have been as hard hit by the depression and unemployment as perhaps other sections of Maryland; for instance, in western Maryland and Baltimore County, where the industries are more thickly congested than in our section. We feel it so acutely, however, that we know other sections of the country must be much worse off than we are.

We are feeling not only unemployment, but underemployment to a great degree. For the past few years relief in this county has been centered in those cases who do not seem to be able to make a go of it.

The agency has compiled a chart which I believe will give as accurate a picture of the relief demands as any other figure could.

In 1929 and 1930 it was necessary for the county to supply \$60,000 for taking care of the relief needs in the county.

In 1930 and 1931 it was necessary to supply \$75,000—that is, for the fiscal year 1930–31, ending July 31.

In 1931–32 it was necessary for the county to supply \$104,000.

In 1932–33, the year ending in July, we shall have to supply \$140,000 to take care of the demands.

At the present time we feel that the relief that is being given is completely inadequate to meet the situation and demand. I base these facts not on judgment and hearsay of those who feel that their neighbors are suffering, but really on accurate pictures of the situation which we have gotten from a constant survey of the detailed unemployment in the various districts making up the county and upon the facts which the case work division of my agency is facing every day to meet family demands and needs.

At the present time the agency is having to meet the demands in 850 families in this county, with a population of 50,000. Comparing this figure with that of 1928, for the same month, we found at that time only 230 families were known to this agency.

We found in December of 1928 only \$650 was necessary to help those 230 families. Not all of them, of course, were in need of great material relief, as many of them were only in need of services to supplement their finances, but this past month, in December, 1932, we have had to apply approximately \$4,000 in actual cash to supplement the bills of families coming in for assistance.

The CHAIRMAN. Will you explain, somewhat more in detail and in what respects, the relief is inadequate?

MISS DAY. Relief is being given in kind, in the main, in this district, and by "in kind" I mean it is being given to supplement in the food budget, in paying electric light bills, or in paying for rent—that is, only present rent. We have to follow the policy that we do not pay back rents, and we only pay rents at the present time when there is danger of eviction.

Relief is inadequate in food budgets in the main. Using a study which has just recently been made by the agency of necessary food budgets, I should like to point out a family of five as a basis for comparison.

The United States Department of Agriculture feels that, in quantity of food, if we use our local prices, \$7.33 would be necessary to

maintain a family of five. The Red Cross nutrition service feels that \$7.50 would be necessary to maintain this family. The New York A. I. C. P. have worked out a plan whereby they could do it for \$5.10. We are only allowing \$3.50 to put into a family to carry that family of five for a week's time.

The CHAIRMAN. What essentials in these budgets are necessarily omitted, due to limited funds?

MISS DAY. The food that we are having to give is entirely too high in starchy content, too high to maintain good health over a long period of time. It is lacking in certain vitamins which should be gotten from fresh green foods and especially citrus fruits. It is also lacking in milk for children, and eggs. Those are things we can not possibly supply to meet the demands in a number of families.

The CHAIRMAN. Are you able to provide this minimum relief to all who apply?

MISS DAY. We have been, up to the present time. At the present time we are again facing an overdraft. What is going to happen we do not know. We are just operating, so to speak, from month to month.

We operate on a budget which is supplied both from local and from public funds. Our public funds have been advanced to us in advance of what was our expected need and, in addition to that, our board of county commissioners has granted us almost 50 per cent increase on our first planned budget.

The CHAIRMAN. Your estimates have been under the needs?

MISS DAY. Our estimate, at the beginning of the fiscal year, in June, was almost 50 per cent of the amount that we have actually faced for the first seven months of this year. Of course, we do not know what the future holds. I think the figure which I quoted to you a few minutes ago—the fact we have 850 families at the present time coming to us for material relief and social service—as compared with 480 last year, tells the story.

The CHAIRMAN. Could you give the committee detailed information concerning the impact of this situation upon the families?

MISS DAY. I would be very glad to do that by presenting some specific cases which I think will show you just exactly what some of our families are facing.

The CHAIRMAN. Do you regard these cases, may I ask, as typical?

MISS DAY. They are typical in that they illustrate a great group of families that are coming to us. We have some that are more acute than those I shall present and we have some that are far less in need, but I am trying to take an average, to develop the point.

Coming to us to-day are families, roughly speaking, as nearly as you may group families, in three different groups. First we have a very much higher type than ever before known to a social agency. Then we have the middle class of family that, in ordinary times, is able to maintain itself without social aid or material interest from an agency or outsider. Then, of course, there is the lower class family which you always have with you as a social problem, but which is a far more acute social problem now than before. This type of family lives on a margin very much nearer the breaking point and is therefore the first to collapse.

As an illustration of this lower type of family, I would like to tell you of a family whom I will designate as the W family. This family lives on the fringe of Washington. The family has been in Montgomery County for the past two generations and therefore its history is well known. At the present time two brothers of this family are inmates of our State institution for feeble-minded. Two other brothers were able to take care of themselves by chauffeuring and doing building work.

About six months ago the wife of one of these brothers came to us and said that she had left her husband. The reason was that she could not longer live in a basement room with her three children. She also expected another child and the husband was making no preparation for it. She had gone to some charitable organizations in Washington, but they, discovering she was from Montgomery County, returned her to us.

We investigated the situation and found the woman's story was correct. The husband was supplying only one basement room in which the entire family had to live, and the husband had been drinking for nearly a week. He has a chauffeur's license which would indicate that he had been dependable enough not to drink on the job previously. The husband was interviewed and said there was nothing to do about it; that he had tried to get a job but could not do so; that he would take a job if he could get it.

We got him a job as a chauffeur and he drove his car for a week and seemed to be fairly reliable. At the end of that time the employer said that he could not keep him longer; that he had smelled liquor on his breath. He was then entirely out of work for two weeks, during which time it was impossible for the wife to live with him. He had become quite cruel. She left him, going back to her people in Washington.

This time we tried him out on different work—created work—cleaning up around a school building. He was no more successful in holding down that job than he was in holding down the chauffeur's job.

This shows, I think, the lowest type of family with which we are dealing at the present time—a type of family that has broken many times before—not only this particular boy but as the family group—a type that, with the slightest pressure in a crisis of this sort, is absolutely unable to stand alone. That boy, at the present time, is a police court case. The wife and the three children, with the expected child, will have to be cared for by the agency.

Going from that type of family to the middle-class family, we have a man living up in the central part of the county. Mr. B for 15 years had been an employee of the B. & O. Railroad. He had been known as an extra steady man. He had received several promotions in his railroad employment in that time, and had bought himself a small house in the country. He was living in Baltimore, but wanted to maintain a home in the country because he had been reared in that section.

There were several children in the B family when, three years ago, Mr. B was discharged, not because of inadequacy in the job but due to reduced forces.

Mr. B came back into the county after trying to get work in Baltimore for several months, and was beginning to feel quite discouraged about getting employment. When he came into the county, he thought he would start a little chicken farm. He tried it, but being unaccustomed to the ways of rural life which had changed during the 15 years he had been absent, he did not make a success of it. He formed a great many friends in the county. Those friends were without jobs and looking for leisure-time employment. They were not very successful and did not know what to do with their time in the evening except to play poker. In playing poker, they became very companionable through drinking, and from drinking came an eagerness for more idleness, and Mr. B, in time, did not get out and look for jobs.

Mr. B, with his seven children, has just been in the juvenile court the past week, because the neighbors and friends and the child-placing division of the agency feel very strongly that Mr. B. is no longer capable of caring for his family. Mrs. B, a very devoted mother and faithful wife, has come to feel that she can no longer stay in the house with Mr. B.

This is another case—far above the W case I cited before—where, if the husband had the proper employment and the wife even the usual resources of a family of this type—enabling her to furnish proper children's clothes and to keep up the front that is necessary to preserve her own ego, a break would not have happened.

From this family, I should like to tell you of another family of a higher type. This is the H family in the lower part of the county. This man and his wife are high school graduates. Mrs. H had some normal school training and wanted to be a teacher, but married very early in life and started to rear a family. She has five children at the present time.

In their home to-day is a library which is far above that in the average high school graduate's home.

Mrs. H at one time was quite pretty. Through hard work the past three years, in which Mr. H has had three separate jobs, each of which he lost through no fault of his own. Mrs. H has lost a great deal of her beauty. Her beauty was one thing that gave her the most satisfaction, outside of her home life. During the last pregnancy she lost all her teeth. At the present time she is again pregnant. Her mental state is so low that her family fears she may become a suicide.

Mrs. H's children are known to the agency by being reported by the minister of the church where they attended Sunday school regularly previously. They have come to the social agency from the fact that they are school problems in that they come to school insufficiently clad. They come to school without lunches, even though the social agency is putting food into the home to supply the school children. They have become somewhat of a delinquency problem also in that they hang around the streets at night, and one little girl has been accused of stealing.

Mr. H no longer comes home in the evening. He is at the present time working on a job bringing him \$9.60 a week.

It is a full-time job for Mr. H, but the income is so insufficient for the demands in this family that both Mrs. H and Mr. H hate to face the realities, and each other, and admit they can not make a go of it.

Mrs. H is in fairly good physical condition except for the loss of her teeth. She has, however, become neurotic and is constantly developing new pains and aches which she likes to tell about.

In this problem there is no undernourishment, because the agencies have concentrated in the effort to put in sufficient food, but there is this inroad of a lack of faith in themselves and in the future.

We are spending time and money, but while we are meeting the immediate demands, nevertheless, we are standing by almost hopeless in the knowledge that these problems will result in behavior cases in the case of the children and adults. In this particular case, the only hope is restored faith by Mr. H in the future and by Mrs. H in her husband. A job with sufficient income on which to live in the same status that they were accustomed to live is the only solution.

Another family of high type is a family whom I will call the C family. There are 11 children in this family. Mrs. C is not yet 50. She is a woman of poise and dignity. She came into the agency and wanted to talk over her immediate problem and get advice.

She told a story of her husband being the editor of a small-town paper outside of the State of Maryland five years ago. He had held this editorship until offered a position of the same kind on a paper in Maryland. After he got into the State of Maryland, the crisis changed the whole course of the publishing company and the paper was discontinued. They had some savings and decided to get a small place and start a dairy. The husband had to work long hours at that, but his health failing, he was not able to make a go of it. She had another child on the way which died soon after birth and this, she thought, was such a shock to her husband that his health collapsed completely.

She said she realized that perhaps he thought this was the last straw and that he had reached the place where he could give up. She also told us that Mr. C had developed tuberculosis. Mrs. C said that four days before coming to us the children had had their last meal. She told that with the same voice in which you and I would say that the house is cold and that unless we have coal to-morrow there will be no coal for the furnace. She seemed so poised and her voice was so cool that the nurse at the agency tried to discover if she had any feeling at all underneath this reserve. The nurse was not able to do that at the time, but during the period we have had contact with this family, we have discovered that the woman was simply holding up, fearing that if she gave in she would completely collapse and that something dire would happen to her children. She has since collapsed and Mr. C has had to go to a sanatorium.

An 18-year-old boy is helping shoulder the whole family load, as a dairyman's helper. We have been able to put the family in a temporary house, but the whole scheme is so unsatisfactory that we know that there are other consequences to come.

I could go on telling you of case after case in which we know that the present trends are going to produce something that is worse than the present situation, but these will show you something of what is happening to many families in our section, which we consider to be more protected than the average section of the country at the present time. We see some of the consequences, but we do not know what

the real results are going to be. We know that children in these situations are feeling the strain. They are constantly feeling the strain that the families are carrying. This strain is going to have its psychological effect on the children.

In addition to that these children are not getting proper medical care. In ordinary times, fathers, who have only moderate incomes, realize the necessity of having children's teeth repaired and recognize the necessity of taking out their tonsils, but at the present time it must be considered an emergency before it is done. We know that the children will feel the effects of bad housing and overcrowding.

The CHAIRMAN. This situation seems to indicate an alarming tendency for the family unit to disintegrate under the impact of this situation.

Miss DAY. I think that you have summarized the condition accurately.

The CHAIRMAN. Thank you very much.

STATEMENT OF MANFRED LILLIEFORS, JR., GENERAL SECRETARY, FAMILY WELFARE SOCIETY, BRIDGEPORT, CONN.

The CHAIRMAN. Will you please give your full name and position?
Mr. LILLIEFORS. Manfred Lilliefors, general secretary Family Welfare Society, Bridgeport, Conn.

The CHAIRMAN. What is that society?

Mr. LILLIEFORS. It is what is known as a private family society and it is the largest one of the private agencies, though the straight unemployment relief in our community is carried on by a public department. We have a tremendous burden of our own, of course. We are very much in the unemployment situation.

The CHAIRMAN. What is the situation in Bridgeport? Has your load been constantly increasing?

Mr. LILLIEFORS. Yes; the loads of both the public and private agencies have increased tremendously during the past two years. The relief is having to be spread thinner and thinner, with all the effects that that is having. That is pretty largely true in the public agencies and seems to be becoming true in the private field.

The CHAIRMAN. In other words, the load is increasing and the resources are diminishing?

Mr. LILLIEFORS. Yes.

The CHAIRMAN. In connection with your work, can you give the committee information showing the effect of this situation on the family unit?

Mr. LILLIEFORS. Yes; I shall be glad to do that.

One of the ways in which the effects of this situation are noticed, of course, is in the health of the family. I think that it is not necessary to go into the obvious things—that it is well known that if there is not enough food, the children become undernourished, sickness develops, and so on. I think you would be more interested in learning how the thing affects home life. I think I can do that best by citing fairly typical situations. Our agency gets into situations handled by another agency which just gives relief but does not know what is going on in the home.

For instance, we found a man who had been unemployed for about two years. His family had been on relief about a year. The children were, with one exception, seriously undernourished. Two or three were diagnosed as having rickets. The mother, herself, was in very bad physical condition and did not have clothing of such a kind so that she could decently go to a doctor.

In another case that we have come into contact with recently, the wife had a husband who had had some savings. He had used them up in an expensive sickness that the wife had had a year ago, and still had large bills. She did not seem to recover and had developed multiplesclerosis.

The family reconciled themselves to the fact they already were burdened with more than they could handle, and were leaving her at home to die without medical attention. She is now getting medical attention, but it is too bad that the husband's income did not permit him to get it before.

The next problem arises when relief should be on a diet basis, in cases of epilepsy or diabetes that require special diets. I spoke to a man in a clinic sometime ago. He had 50 cases on diets used in giving treatment and was making some progress with them. However, as soon as they are released and are put on the relief commissary allowance, they can not get the special diet necessary and the previous efforts are wasted.

Here is an extreme illustration, but it illustrates the point: After being out of work for a long period of time, and after withstanding the strain and anguish of this long period of unemployment, as soon as one man was given a job he broke down and collapsed, and had to be referred to a medical clinic. Of course that is an extreme case, but the same thing is happening in other places. Not only that, but men will not be satisfied, and will be shiftless, due to the long period of strain under which they have been living.

Then, turning to the internal workings of the home, I might give you an illustration on that point. We had one man on relief who, for the first year, came to our office always with a smile on his face. He said that he was very happy at home, loved his children and liked to go out walking with them—a jovial and genial sort of fellow with an excellent work record, whose employer was anxious to take him back as soon as he could. Things went along for about a year and then he came in complaining about his wife nagging and yelling at him. She would not let him sit down in his home for rest after he had been looking for work, and would not let him take the children out walking because she felt it interfered with the possibility of his getting a job. He was getting discouraged and his wife had already gotten discouraged.

Of course, when things start going badly it is tough on all of us, but unemployment does bring up problems which the people can not meet without some assistance from some one.

Another case came from a home where both the husband and wife had gotten relief from the public agency. It seems they had gotten married and had a real ambition to take care of themselves. They bought furniture and had paid for a fairly sizable lot of the furniture and were making good. When unemployment caught the man and he was faced with the loss of his furniture, he lost his grip on himself.

Another situation is one about which we have heard a great deal—thousands and hundreds of thousands of boys wandering around the country. I have here the case of a young boy, the only boy in the home working, making \$8 a week. He could not see why he must support his father, grandfather, and other members of the family. He was saving his money to educate himself, and was able to take care of himself. He could not see why he should not drop his family responsibilities and go out on his own responsibility. He seemed to want to join that army of several hundred thousand boys wandering up and down the country, even though it meant the breaking up of his own home.

Another very interesting thing we have found are a number of cases in which, for one reason or another, two couples set up their establishments in one home or have been living with relatives for three or four years. Everything goes well until they all get out of work. One family perhaps is able to get relief. It may be inadequate for both families and it has led to so much friction that in one case it has been necessary to buy furniture and set these people up in their own house, something that was not necessary in good times. It seems entirely illogical, but the strain, apparently, of trying to get along during this period of unemployment created so much friction between the two families, though it had been possible previously for them to get along harmoniously, that there was no possible basis of getting them together during this particular time.

I would like to go into some of the methods of giving relief, because it seems to me it is almost as important as giving relief. It can be given in a way to build up or in a way to tear down.

We have had people reported as chronic beggars who will take everything they can get. Very often when we get into the situation we find that the family needs a lot more than they have been getting. Without this additional help, a woman quite naturally knows her children are hungry and if she can get another dollar or another loaf of bread somewhere, she will get it. In a particular case, when we were able to give more adequate relief we found that that begging completely disappeared.

In another case the people felt they had been treated in a humiliating way at the agency at which they applied. They are unusually sensitive and came into our office. Even though we had to refuse them relief, we listened to their stories and allowed them to unburden themselves. Even though they were refused relief, they thanked us and went out. That sounds unusual, but they really thanked us for listening to them. The number of people who are facing new problems is tremendous, they are all confused and wondering if they will ever be able to work again, even though their work records are good, and it is a tremendous relief to them to talk to someone and tell their troubles.

Another thing that adequate relief does is that it eliminates the danger that people tell lies to get relief. When the relief granted is inadequate, they know that by telling the truth they will not get sufficient for their needs, while they know that if they lie about the number of members in their family they can increase their allowance, and, of course, there is that incentive always before them.

I know of one case where there is an allowance of a dollar for each member of the family. It was quite easy to lie in order to add a dollar or two for members of the family that do not exist.

I have also found in our work that relief does not seem to hurt people if it is given intelligently and given in adequate amounts. We have had more than one family on relief where, after a long period of time, the family has shown a surprising independence and willingness to take care of themselves.

Just to cite one illustration, there is a family that we have supported for two years and have given them everything they have received for the last year. In that case the father was a serious cardiac. He probably could do light work, but in these times a man can not get any light work at all. We supported that family almost entirely, giving them relief in cash so that they bought their own things and paid their own rent, and so on. At the end of the year there had been other sickness, and we had gotten that straightened out. One day when the worker went out there, the wife told him "There are a lot of things going into this house that the children, knowing that no one is working, do not understand where they come from. We do not want the children to grow up thinking the world owes them a living," and she wanted to find a job. Two years on relief had not crushed that family's spirit. If employment conditions were better that family could quickly get on a much better supporting basis.

The CHAIRMAN. That seems to indicate that adequate relief tends to maintain the family spirit of independence and the desire to carry on for itself at the first opportunity, whereas inadequate relief tends to break down all ambition and desire for independence?

Mr. LILLIEFORS. I think that is absolutely true. If the relief is not adequate, the family has got to do one of two things; they have to go get some more somewhere, which puts them into the beggar class—either do that or stand by and see the children get thin and grow into rickets. A person who accepts that situation has become pretty well licked, and they do not seem to come through as well as when they are getting enough. When the relief is adequate, the parents are not worried about the children and the wife does not scold her husband about them.

Reasonably adequate relief, properly given, will do more to preserve self-respect than niggardly relief.

The CHAIRMAN. What have you to say about the problem of rehabilitation that is created by the inadequacy of relief? Do you believe there is a permanent damage?

Mr. LILLIEFORS. I think undoubtedly there is going to be a very serious aftermath after this depression. I think that has always been true. I think there have been cities that have found that even after the depression is over, relief must be continued; that even when the revival in business comes, people will begin to break and disintegration will show up more after the depression than during the depression.

The CHAIRMAN. Thank you very much.

STATEMENT OF MISS GEORGIANA SINCLAIR, SECRETARY FAMILY WELFARE SOCIETY, ROANOKE, VA.

The CHAIRMAN. Will you please give your name, address, and position?

Miss SINCLAIR. My name is Georgiana Sinclair. I am secretary of the Family Welfare Society of Roanoke, Va. The society is a semiprivate society. However, we get more than half of our funds from the city now and the rest of our funds we get from the community chest and something from private donations.

The CHAIRMAN. Can you give the committee any information concerning the situation in Roanoke, particularly with regard to the effects upon typical families?

Miss SINCLAIR. I have a few brief case stories, and I have tried to limit them to children and young people, showing the effect that unemployment is having. Of course I have used fictitious names.

Here is the first case: Mr. Green has been out of work three months after being on "short time" for months. Sue, the 22-year-old daughter, is the main support of the family of 11. John, the son, 20, is making a few dollars a week when there is work for him at the factory. Sue pays the grocery bill, the rent, John pays the lights and water, and Sue the insurance and other necessities. Ben, the 13-year-old boy, wondered if dad has lost his place as head of the family, and now comes to Sue to know if his pennies are needed or can help. Even Mae, the baby sister, fails to obey dad as she did. She says dad does not make money; Sue gives her what she has to have.

Here is case No. 2: A young girl, well trained as a stenographer, lost her job, as did her brother and father. They were forced to move back to Roanoke and make application to the Family Welfare Society. She worked as part-time stenographer in an office. Later she secured a temporary job elsewhere and later came back to the office as paid stenographer. Now, in speaking of her father's unemployment she tells a friend that it has handicapped her; she feels herself and family just one of the many; she feels she can never live down the fact that unemployment forced her to accept what her family had never asked for before. She holds no bitter feeling—only realizes she has learned a valuable lesson, but still can not understand the reason for it, and over and over in her mind revolves the one question—why?

Here is the third case: The Grays are a large family of hard-working people who had centered all their hopes and aspirations in their youngest son, Jim. They started him off to college as nicely clothed and with as much spending money as the average boy. Jim made good, was well liked, and was a real student. Work became slack, but Mr. Gray and his older sons negotiated loans through the company for which they worked, and Jim's education was continued.

During his last year he was forced to get a scholarship, as his father and brothers were now unemployed. He told all of them that when he graduated in June he would look after them and stick by them as they had stuck by him.

Jim graduated two years ago, but as yet he has been unable to locate work. At present he said he feels like a failure; that he has

let his family down. He says, after all, what is the use of an education; what is the use of anything?

Case No. 4. Mr. and Mrs. Dawson are urging their only son, John, to go on through school. He is now in the second year of high school, and each day getting him off to school is a difficult task. He has explained to his parents and to the visitor that it is not that he dislikes school, because he does like it and he makes good grades, but he asks, "What is the use in me attending school? Dad hasn't a job; none of dad's friends have jobs, and my pal's dad does not have a job, and I guess I won't have one when I grow up. So, what is the use of me going on to school getting educated when an education will not do me any good? What I want to be is a worker like my dad used to be; not a loafer like he is to-day."

Now, the last case: Mrs. Smith. "I have been thinking carefully about the way things are between my husband and me, I have made up my mind to leave him. He has been without work for two years, and our circumstances are getting worse each day. If we are dependent on charity at 25 what will be at 45? John insists that he looks daily for work, but living under such a strain just makes us fight. I believe I can do better alone—at any rate, my people will take me in, but they blame John so much for not being able to buy even food that they will never give him a thing. I just rather not stay with him and watch all the pride and pep leave him."

Those are some of the cross sections that we are running across constantly.

In Roanoke I believe that we have been able to take care of the situation well enough to keep people from being hungry, but I think some have possibly waited until they are hungry before coming to us.

We are getting R. F. C. relief now. I think we had two weeks of it in December and still have some of it now. We have made application for more.

The Red Cross is the only other family agency in the town and they take care of ex-service men, except that when they apply for R. F. C. funds, they must come back through the Family Society.

The R. F. C. in Virginia allows us to have a man earn an amount of \$24 during the month. We have asked that that be increased because in many, many instances that has to be supplemented again, and naturally people who feel that they are absolutely beggars to come to the agency and receive help from the agency, will feel a little bit differently about the R. F. C. They feel that that is a Government thing and they are paid in direct cash.

We would like to pay them more cash, in the society, but we are not able to do it. Many of them are able to handle their finances better than we are. They have done it before, and they know their circumstances much better than we, but we could not do it.

I have some direct figures if you are interested in the situation.

The CHAIRMAN. We will be glad to have those.

Miss SINCLAIR. In comparison with 1931, our total expenditures in our society for 1931 were \$34,107.42. That was for the whole thing. The relief amounted to \$22,908.99.

For 1932 we spent \$57,488.60, the relief being \$45,790.40, more than twice as much as in 1931 and we are reckoning on 1933 being almost as much of an increase over 1932. Of course, we are hoping that part of it does not materialize.

Since we began taking applications, beginning with December, through the Reconstruction Finance Corporation, 1,055 men have applied. We have 562 of those men at work now.

Of course, all of those do not get direct relief from the society, but a great many do, in addition to what they are getting from the Reconstruction Finance Corporation.

We wondered if, in each one of the States that are getting Reconstruction Finance Corporation money, they have a definite amount set as a maximum that a family may get. If there is an income of any sort at all, for instance \$12 in a family, we can only give them work to the amount of \$12 more and of course we are constantly having the same questions of runaway children, undernourished children, crime, early marriages, and neglected children.

In early marriages, we find that a boy who is earning something feels that he has a right to get married, and against that we have the pressure of the family who do not want that income withdrawn.

The CHAIRMAN. Thank you very much.

The committee will recess now until 11 o'clock to-morrow morning. (Whereupon, at 11 o'clock a. m., the committee took a recess until Saturday, January 14, at 11 o'clock a. m.)

FEDERAL AID FOR UNEMPLOYMENT RELIEF

SATURDAY, JANUARY 14, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee reassembled, pursuant to recess of Friday, at 11 o'clock a. m., in room 212, Senate Office Building.

Present: Senator Costigan.

Senator COSTIGAN. The committee will come to order. Mr. Montavon is to be the first witness. Mr. Montavon, please give your name, residence, and connection to the reporter for the record.

STATEMENT OF WILLIAM F. MONTAVON, DIRECTOR, LEGAL DEPARTMENT, NATIONAL CATHOLIC WELFARE CONFERENCE, WASHINGTON, D. C.

Mr. MONTAVON. My name is William F. Montavon, Washington, D. C., and I am director of the legal department of the National Catholic Welfare Conference.

Senator COSTIGAN. Have you a statement to make to the committee?

Mr. MONTAVON. I have written out some notes which I would rather go over and do not care to submit in their present form.

I come to speak in the name of the National Catholic Welfare Conference. The National Catholic Welfare Conference is, in its final analysis, the Catholic bishops of the United States. It is an agency the bishops operate for the purpose of coordinating matters of common and national interest.

Personally, I am not a specialist in welfare work, but the conference has many agencies that do engage in welfare work, as is very well known.

Senator COSTIGAN. What is the relationship of the different Catholic welfare associations in the country to each other?

Mr. MONTAVON. An attempt is being made to coordinate the Catholic welfare agencies through the National Conference of Catholic Charities. The National Conference of Catholic Charities does not, however, have for its affiliates all of the Catholic welfare agencies in the country, nor does it cover such institutions as hospitals, excepting in a very general way. There are 86 diocesan conferences of welfare agencies that are affiliated with the National Conference of Catholic Charities.

These 86 diocesan conferences in turn have for their membership parish conferences, or municipal conferences, local conferences, numbering a very great many. I have not the data exactly of the total

number of local agencies that are affiliated through these diocesan conferences with the National Conference of Catholic Charities. I can say that there are 86 diocesan conferences. There are slightly more than 100 Catholic dioceses in the United States, so that this 86 is a very representative number, and these dioceses cover practically the entire Nation, and are naturally, therefore, through their local agencies in touch with the present condition in practically all of its phases.

In many places, of course, they cooperate with community chests and other local agencies. It is their business to do that.

In addition to the welfare agencies, the bishops conduct a large number of hospitals. These hospitals have free wards, free clinics, public clinics. They are in contact with that phase.

There is an American Catholic Hospital Association that attempts to coordinate in that work. Then, the bishops, in addition to that, conduct homes for the aged. There are a great many homes for the aged throughout the country run by Catholic religious orders of women and men. They are in touch with other phases of this depression, the care of destitute children being one function that the bishops carry on with a great deal of zeal and are thoroughly in contact with that phase of the situation.

We have schools with an attendance, in the primary schools, of more than 2,000,000 children, and they cover the country very thoroughly. They are in contact with the conditions as they affect the welfare of children.

Senator COSTIGAN. In other words, the Catholics of the United States carry on a large amount of exceedingly helpful, humanitarian work?

Mr. MONTAVON. We do what we can with limited resources, Mr. Senator.

Senator COSTIGAN. Distinguished Catholics have, from time to time, appeared before the Committee on Manufactures urging the enactment of legislation of the type now being considered by the committee. Others have opposed such legislation. Do you know the reasons for the divergence of view?

Mr. MONTAVON. There is no attempt to prevent a divergence of view. That is, all Catholic economists or Catholic sociologists are completely free to have their own opinions with regard to legislation of that kind.

At the last year's hearing on the bill which you had presented, I appeared before this committee and while stating that in general the bishops had authorized us to approve the principle of Federal assistance in the present emergency, we disagreed with some features, some details of the bill. I did not appear in opposition to the principle of Federal aid under the present emergency, but did suggest amendments on the bill that we thought would give it additional practical value.

I have compiled, from some correspondence and from some statistics, the work of the Conference of Catholic Charities, showing the increased demand, the stress under which they are operating.

I do not have the complete statistics. As I have already said, there are 86 diocesan agencies, and I have comparable statistics that cover 45 of the local agencies and they are representative of the country.

In January, 1932, 45 Catholic agencies affiliated with the Conference of Catholic Charities, and excluding large cities—these are agencies of smaller cities—reported that during December of 1931, they had provided relief to 20,101 families and, in doing that, had made a total expenditure of \$285,913. Of course, I am not giving these figures because of their magnitude, but because they represent the larger facts.

Now, compared with December of 1930, these figures represented an increase of 12.5 per cent, so that between December of 1930 and December of 1931, Catholic charities noted an increase of 12.5 per cent in the cost of relief, and of 12.9 per cent in the number of families relieved; that is, the pressure was becoming so great that even the very small allowances that were being made to families had to be reduced slightly; while the dollar expenditures increased 12.5 per cent, and demand for those expenditures was so great that the amount per family had to be reduced a little.

In 1932, in February, there was a slight falling off of the number of families relieved by those same 45 agencies, but the expenses had increased; that is, the supplemental earnings of the families had apparently fallen off, and the expenses of these families had increased from \$285,000 to \$312,000, showing a second fact, that the earning power of those families had fallen off and that the call for expenditures by the charity organizations was increasing.

I have statistics for 63 of these agencies, a slightly larger number, for the first eight months of 1932. During that period these 63 agencies provided relief monthly to a number of families that varies between 24,982, the minimum, and 27,636 in March, the maximum, the minimum of 24,982 being in July.

I do not have the statistics for the final four months of the year but doubtless during those months the figure of 27,636 has been exceeded.

The total expenditure of these 63 agencies during those eight months was reported to be \$2,832,025.

There is another Catholic institution that is very interesting, the Society of St. Vincent de Paul. The Society of St. Vincent de Paul was founded about 100 years ago by Frederich Ozanam, the spirit St. Vincent being the inspiration of the society. St. Vincent de Paul was the founder of the Sisters of Charity. The Sisters of Charity operate the Providence Hospital here and the St. Vincent's Orphanage, and other institutions in the city, so they are locally well known.

The order of the Sisters of Charity, founded by an eminent American, Mother Seton, is in many of its provinces in the United States affiliated with the original St. Vincent de Paul order of Sisters of Charity, so that it has an American character. The Society of St. Vincent de Paul is, however, quite distinct from this Society of Sisters of Charity.

The Society of St. Vincent de Paul is a volunteer association of laymen, Catholic laymen, who, realizing that there is a considerable demand for charity that requires a great deal of confidential treatment, personal treatment of families that sometimes perhaps could be called "the white collar class," families that are destitute but who would suffer socially and economically perhaps if the fact became

known. The purpose of the Society of St. Vincent de Paul, as they say, is to never let their right hand know what their left hand does. That is, they attend to charity in an entirely personal way and with funds which they raise among themselves. They are quite well organized in the United States.

In the District of Columbia there are 32 parish councils of the Society of St. Vincent de Paul. These parish councils are coordinated with what is known under their rule as a particular council. The particular council is composed of delegates from the parish councils and these particular councils are again coordinated in a national council known as the superior council which has its headquarters in New York City.

The Society of St. Vincent de Paul conferences in 1931 raised among themselves and disbursed \$3,331,290 in the United States. That, of course, does not cover the work of the St. Vincent de Paul Society. Their work is very personal. They do what they can to find employment for people. They do what they can to place children in homes when their parents are destitute temporarily. They do everything personal that they can to relieve the distress of the families with whom they are in contact, so that the actual money expense is only relatively a small item of the expense they incur in relieving distress.

They provide clothing, for instance. In the parish of which I am a member here in the District of Columbia where we have a St. Vincent de Paul Society, we have, during the winter months of the present year, distributed clothing to between 600 and 700 persons in that one parish. That clothing was donated. There is no cost in connection with the cleaning or tailoring of it, and it is distributed by persons who receive no pay. There is no money expenditure at all connected with that relief, that clothing, suits, overcoats, shoes, and things of that sort, and that work still goes on. That is happening in other parishes. Practically every St. Vincent de Paul Society in Washington does that kind of work.

They have a St. Vincent de Paul Society in Brookland, in the northeast section. One of its members is a tailor, and he has volunteered his services. They accept clothing that needs repair and mend it, and they have women who make clothing for distribution. That, as I said, is not included in this distribution of \$3,000,000.

The expenditure for 1931 represents an increase of 33 per cent over 1930, showing that even as early as 1931 there was a considerable increase. I have here a letter from the supreme secretary of the Societies of St. Vincent de Paul, written on January 9, 1933, and in that letter the following appears:

The society has been severely taxed during the last year, but the members have notably responded. I have not as yet compiled the report of the superior council, but I have enough of the details at hand to justify my saying that the total of relief in dollars—that is the money relief, and without any regard for personal services, clothing distributed and such things—will approximate about \$5,000,000.

This shows an increase again of approximately 33 per cent over the preceding year, so that you have had for three years increasing expenditures from approximately \$2,000,000 to \$3,500,000, and then to \$5,000,000, disbursed by the St. Vincent de Paul Society throughout the country.

Senator COSTIGAN. Are those increased expenditures based on increased need or increased capacity?

Mr. MONTAVON. Entirely on increased need. I do not think the St. Vincent de Paul Society has increased in its affiliations at all. It covers the parishes pretty thoroughly throughout the country and has done so for a good many years. It has had to undertake relief of an economic nature in very much greater measure in the past two years than it was accustomed to in the past. That is, its work would rather have been along other lines, conducting employment agencies and so forth.

In the District the St. Vincent de Paul Society conducts a free employment agency and does what it can to find work. There is no disbursement of money at all in connection with that service. A man who has retired volunteers his time and a couple of girls volunteer their time and they conduct an employment agency. There is no disbursement of funds connected with it at all, but that kind of work has not been so adequate, so they have had to contribute more cash and do a larger amount of relief that required a disbursement of funds.

The point, as I have already said, that I would make in citing these statistics, is that while funds available for charity have dwindled, the demand for funds for charity has increased. The breaking point has apparently been reached as this St. Vincent de Paul man says. While these men are responding wonderfully, the burden is becoming more than the men can bear.

I have brought with me a statement of the secretary of the National Council of Catholic Women. The National Council of Catholic Women is a department of the National Catholic Welfare Conference and this is the statement of the secretary.

I will explain the National Council of Catholic Women is not a membership association. Its members are associations. It is in a way a federation. It does not have individual members.

The National Council of Catholic Women, a federation of organizations including 16 national, 8 State, and 1,800 local organizations, has widely featured a definite program of relief. Through monthly communications with its affiliated groups it has sought to stimulate continued and active interest in all local programs not only of material relief but of that which is, in a sense, even more necessary—the furnishing of opportunity for educational, recreational, and spiritual rehabilitation which is so essential during this period of depression.

Each of the national organizations has, through its local units, given relief directly to many of its own membership.

There are among these national organizations institutions like the National Federation of Catholic Alumnae, Daughters of Isabella, and so forth, which count their membership in thousands, so that the total membership of the national council is really very great.

Those organizations which include fraternal insurance have kept paid-up memberships which would otherwise have lapsed. In addition to the responsibility assumed for their own members they have given full cooperation to local programs of relief—in the parishes, in the community chest activities, and in connection with the splendid program of the National Red Cross.

The women in many dioceses have been organized, as they were during the war, to cooperate in the making of clothing and the canning of fruits and vegetables, and in those many personal services which women are so ready to give. The continued reports, however, coming to national headquarters, emphasizes the growing need with increasing inability to meet it adequately.

Women are particularly disturbed because of the effect that this depression is having upon the young boys and girls in the present generation. The problem of unemployment is most serious for them. If something be not done in the very near future there is no doubt that for two or three generations to come our country will suffer as a result of having permitted this situation to develop as it has.

That statement represents the consensus of opinion of a very large number of Catholic women and is signed by Miss Agnes Regan, the executive secretary of the national council.

Here is a letter from the director of Catholic charities in the city of New York, the archdiocese of the city of New York. It reports that the Catholic charities in the city of New York, from January to December 31, 1932, provided relief for 10,878 families, having a membership of 48,951 individuals, and disbursed in that connection \$768,874. That is just one charity association.

Now, in that same district, in the archdiocese of New York, the St. Vincent de Paul Society, to which I have already made reference, provided relief to 6,357 families having a membership of 28,606 individuals, and in this connection the St. Vincent de Paul Society disbursed in New York City \$336,962.

In that same district, in the archdiocese of New York, another organization which I have not mentioned, the Ladies of Charity—the Ladies of Charity being similar to the St. Vincent de Paul Society except that they are laywomen who act very much along the same lines as the St. Vincent de Paul Society, but are not so widely organized throughout the country—the Ladies of Charity provided assistance to 750 families in the archdiocese of New York, and these families had a membership of 3,375 individuals, and in relieving them they disbursed \$30,000.

This makes a total of 17,985 families relieved in the archdiocese of New York, having a membership of 80,932 individuals and a disbursement of \$1,135,837.

The writer of this letter explains the figures for the number of families cared for by the St. Vincent de Paul Society and the Ladies of Charity are approximations, as case statistics always are, because, as I have already said, their work is of an entirely confidential nature; they do not try to keep case records and statistics because there is always the danger of publicity, and that would ruin their work. The principle of their work is confidence.

I have here a statement that has been very carefully prepared. It deals more specifically with the bill.

I have already tried to make clear the position of the administrative committee, which is the governing body of the National Catholic Welfare Conference, with regard to this bill, S. 5125.

Over a year ago the administrative committee, national Catholic Welfare Conference, which is composed of seven bishops elected by the general body of Catholic bishops of the United States, expressed their earnest support of every effective means that would relieve the distress and the want now being endured by millions because of unemployment. The National Catholic Welfare Conference, therefore, in so far as this bill provides for such relief, is fully in favor of it; but what the National Catholic Welfare Conference asks to be changed in this bill is the manner in which this proposed appropriation for public relief is to be administered. All the money so appropriated—or as much of it as possible—should go to those who are in distress and want. There is a provision in this bill which gives \$350,000 of this relief fund to a particular Federal bureau and the power to that particular Federal bureau to direct and approve the receipt and administration of this fund.

We believe such a provision unnecessary. We ask that it be lifted from the bill since (1) it takes an undue sum away from the appropriation itself for administration purposes; and (2) it is a first possible step toward the extension of another Federal bureau that may, in turn, create undue Federal control in welfare work.

In general, the administrative committee of the National Catholic Welfare Conference would request that no more centralization be authorized in Federal department or bureau than is absolutely imperative. The more leeway given to local authority and administration in the allocation of Federal funds appropriated in this present emergency, the more effective will be the relief. Such a course would bring more of the money appropriated to the definite relief required, would be a saving to the Federal Government, and would be in harmony with the right and just balancing of our Federal Constitution and State sovereignty, each being respected in its own particular field.

The urgent necessity for relieving the distress of millions demands that practically the entire appropriation made by the Federal Government go direct to that relief. The State departments of welfare, or where they do not exist, the governor of the particular State, may be intrusted with the administration of moneys given or loaned to them. It is not necessary to enlarge the powers of a Federal bureau nor authorize the appointment of Federal inspectors, nor throw up the banner of undue standardization, and the controversies inevitable in any such process, between this grant of money and the relief of the unemployed and the needy.

This bill provides in section 5 (b) that relief shall be administered within each State under rules and regulations adopted by the State. But the very next section of the bill demands that any State seeking to receive the benefits of this appropriation must submit a report subject to Federal approval.

That report must cover five points, No. 4 of which is provision for administrative personnel, and No. 5 of which is provision for securing the benefits contemplated by this act to persons within the State.

If I may digress, section 5 (b) calls for a report from the State prior to receiving aid and prescribes conditions upon which aid will eventually be received, if at all. Sections 4 and 5 refer to the administrative personnel employed or to be employed by the State and the methods to be employed by the State in distributing relief under this act, and requires approval of these by a particular Federal bureau as a condition before the State becomes eligible to receive the benefits of the bill.

Until these provisions are made acceptable to the Federal board and its executive officer, the Chief of the Children's Bureau in the United States Department of Labor, the State is not eligible to receive any of the benefits of this act.

We submit that such a provision is not necessary and that such a provision opens the way to a Federal control not at all conducive to local initiative and responsibility and interest, nor to a true knowledge of where relief is needed and how and to what extent it should be given.

We feel that the funds for relief of the far-reaching public distress and suffering which this bill will provide should be given and given as soon as possible. But we respectfully request that consideration be given to what we have submitted as changes—changes which in our judgment would make the bill more in conformity with the public welfare.

Senator COSTIGAN. Have you completed your statement?

Mr. MONTAVON. Yes.

Senator COSTIGAN. Your suggestions will be considered by the committee and your various statements filed and incorporated in the record.

Mr. MONTAVON. If there are any questions about our organization, I would be very glad to answer them.

Senator COSTIGAN. Thank you very much, Mr. Montavon.

**STATEMENT OF FRANK L. PECKHAM, VICE PRESIDENT OF THE
SENTINELS OF THE REPUBLIC**

Senator COSTIGAN. Mr. Peckham, give your full name and connection to the reporter for the record.

Mr. PECKHAM. My name is Frank L. Peckham; I am a resident of Washington, D. C., and I appear here as vice president of and on behalf of the Sentinels of the Republic, an organization which is committed to the theory of local self-government as against centralization in government.

Senator COSTIGAN. Your organization has consistently, for years, opposed Federal legislation in this field?

Mr. PECKHAM. Yes; in this field or in similar fields that we believe are primarily reserved under the American system of government to the full administration by, and responsibility of, the States and local communities.

Senator COSTIGAN. Have you a statement to make to the committee?

Mr. PECKHAM. I have no prepared statement except we appear here briefly to reiterate our opposition to the principle involved in Senate bill 5125.

Senator COSTIGAN. The same opposition was indicated a year ago to similar legislation then being considered by this committee?

Mr. PECKHAM. Yes; and we can save the committee's time by reiterating at this time that the basis of our opposition as applicable to those bills is applicable to this.

Before the House Committee on Labor last year we did suggest that, if and when the Federal Government could raise the funds, the most that it could do would be to loan to a State funds for relief purposes on the authorization of the legislature of the State.

I might direct attention to the fact that the present Federal, State, and municipal funded debts as of to-day amount to about \$60,000,000,000. I think that figures out \$500 for every individual in the United States, or \$2,500 of funded governmental debt for every family in the United States. We fear that the continued borrowing of money by the Federal Government may result in finding that Government in the same situation as the State and municipal governments that have difficulty in floating their obligations. But, without going over the same ground that we discussed a year ago, for which the committee ought not to have patience, we merely reiterate our opposition to the principle involved in this bill.

Thank you.

**STATEMENT OF MARY G. KILBRETH, CHAIRMAN BOARD OF
DIRECTORS, WOMAN PATRIOT CORPORATION, WASHINGTON,
D. C.**

Senator COSTIGAN. Miss Kilbreth, will you please give your name and residence to the reporter for the record?

Miss KILBRETH. Mary G. Kilbreth. My home is Southampton, N. Y. I am inadequately prepared as I was not notified until yesterday afternoon that the opposition would be heard to-day, and as what I have to say is largely a compilation, may I be permitted to file a statement Monday?

Senator COSTIGAN. The committee desires, of course, to save the expense of the incorporation of extensive statements in the record, and if you desire to file a statement would like an opportunity to pass upon the insertions in the record, so far as they may tend to encumber and contribute to unnecessary expense of publication.

Miss KILBRETH. I shall try not to wander.

Senator COSTIGAN. Whom do you appear to represent?

Miss KILBRETH. The board of directors of the Woman Patriot Corporation.

Senator COSTIGAN. Testimony regarding your corporation was given a year ago.

Miss KILBRETH. Yes; you will not wish me to repeat that.

Senator COSTIGAN. Is there anything new that you wish to add in principle which the committee ought to consider? The committee will of course take into account your testimony of a year ago and you will assist the committee if you can limit yourself as far as practicable to new suggestions.

Miss KILBRETH. I understand. I shall try not to repeat.

Last year, in both S. 174 and S. 262, the funds required were to be "appropriated." This year's bill (S. 5125) in section 2 (a) states:

For the purpose of providing funds to carry out the provisions of this act the Secretary of the Treasury is authorized and directed to borrow from time to time on the credit of the United States * * * and to issue bonds therefor, to be known as emergency relief bonds. * * * [10-year bonds at 4 per cent.]

This significant difference shows that the Federal largesses of all kinds of the past year, together with diminished tax returns, have now so depleted the Treasury that it must borrow to finance this proposed legislation. But regardless of the Federal Government's financial straits, this year's bill calls for \$500,000,000, while last year's (S. 174) called for \$375,000,000.

It is hard to estimate the relative actual need between the two years. But the Federal Government having started giving relief, the demands for help are bound to rise, as the inevitable demoralization resulting from public handouts progresses.

As the witnesses before your committee were nearly all social workers professionally engaged in relief work, and as so little non-professional testimony is being offered, I ask to have incorporated in the record three editorials from the Chicago Tribune, as examples of public opinion in regard to some of the professional testimony before your committee on this bill.

They are entitled, "Improvident Relief," "Ruinous Relief," and "Why Federal Spending Is Extravagant."

Chicago appears to be handling the present public demand for economy more ably than other cities.

Senator COSTIGAN. May I ask whether you have requested the insertion of this at the conclusion of your testimony?

Miss KILBRETH. Yes, please. It is to show the reaction from the local viewpoint away from Washington.

And here is another article stating that Chicago investigators who were inspecting shelters for the idle were offered shelter as homeless men, implying that shelter was offered to all comers.

Senator COSTIGAN. From what paper is that?

Miss KILBRETH. From the Chicago Tribune. I also ask to have incorporated in the record a new taxation table just compiled by the Treasury Department.

Senator COSTIGAN. Doubtless that will be an appropriate table to file. To what does the table from the Secretary of the Treasury refer?

Miss KILBRETH. It shows, by States, amounts and percentages of income taxes and total internal revenue taxes paid into the United States Treasury from each State during the fiscal year ended June 30, 1932, and the amount and percentages of Federal aid received from the Federal Treasury by each State in the same fiscal year.

We put a similar taxation table for the fiscal year 1931 in the House hearing on the Lewis bill last year.

Senator COSTIGAN. Is this a later table?

Miss KILBRETH. Yes; this table was received this morning. It also shows the drop in the collection from the income tax.

Senator COSTIGAN. It will go in the record as well as the editorials to which you have referred, at the conclusion of your testimony.

Miss KILBRETH. Will you please insert with the table the covering letter from Assistant Secretary Douglas, interpreting the table, in fairness to the Treasury Department? Personally, I can not quite agree with him. As I see it, the Federal Government collects taxes from those who pay them—who could otherwise keep the money in their own pockets or use as they see fit in the States where they reside.

We of New York, which State is the largest contributor to the income tax and to the total internal revenue, are amazed to find that Governor Lehman, in his first message to the New York Legislature, January 4, 1933, asked for Federal aid, as follows:

* * * We are forced now to look to Washington for assistance. * * * The existing Federal law extending Federal aid for unemployment relief has by its express terms and by interpretation made it difficult for the State of New York to qualify for the Federal assistance which it requires. I hope that the terms of this statute will be modified.

But, at all events, we must apply for and obtain this Federal help. Bare necessity permits no other course. We must have funds for relief made available concurrently by cities, counties, and the State with the substantial assistance of the Federal Government.

The New York Evening Post of January 5 comments editorially on the governor's appeal in a sharp paragraph:

With an insistence that is almost hysterical, he demands that the richest and most highly solvent State in the Union throw itself upon the bosom of the Federal Government for a \$45,000,000 loan for emergency unemployment relief.

The absurdity of New York State, that pays \$7 in Federal taxes to get back \$1 in Federal aid, coming here to beg of the Federal Government strikes me as ludicrous.

There was much ridicule last year of Governor Pinchot, who came from the rich State of Pennsylvania, tin cup in hand, to beg of the Federal Government. And now, here is the Governor of New York, my home State, also begging Federal aid, either forgetful or unaware of the cost of Federal aid to New York taxpayers.

Here is one more article from the Chicago Tribune, which seems to me important, entitled "Dole Collapses in New Zealand; Cash Runs Out. Taxpayers Object; Turn to Charity."

This article shows what has happened even in progressive New Zealand.

Senator COSTIGAN. Is the authorship of the article given?

Miss KILBRETH. No; it is a news article from the Chicago Tribune press service.

Senator COSTIGAN. The committee will take under advisement the printing of that article.

Miss KILBRETH. May I ask, in printing the taxation table—

Senator COSTIGAN. You refer now to the statement of the Secretary of the Treasury?

Miss KILBRETH. Yes; I ask that the table be printed in the style of the 1931 table in the House hearings on the Lewis bill, that is, in one table instead of two, which makes it clearer and simpler.

Senator COSTIGAN. The committee will give consideration to your request.

Miss KILBRETH. Thank you very much, and if you would print the previous table also, which was not given before this committee, but in the House, it will show the comparison and how tax receipts have dropped and Federal aid increased.

I apologize for my very disjointed testimony, but I was detained trying to get the Treasury Department table for this hearing. I thought that table the important thing and not my testimony.

Thank you, Mr. Chairman.

(The editorials referred to are here printed in full as follows:)

[Chicago Tribune, January 7]

CALLS SHELTERS FOR IDLE WASTE OF TAX MONEY

An inspection of the shelters for the idle which the emergency relief commission maintains for single men caused County Commissioner Charles H. Weber to report to the finance committee of the county board yesterday that the shelters represent a "gross waste of taxpayers' money." He and Commissioner Peter M. Kelly inspected a number of the shelters in accordance with a resolution recently adopted by the board.

Weber reported that he and his fellow commissioner found few men in the shelters deserving of relief. The majority of the inmates either were not idle, but were living off the taxpayers while holding jobs, or have been idle all their lives and are not suffering from unemployment due to the depression, he said. He charged also that the shelters are hide outs for criminals.

MISTAKEN FOR INMATES

As an illustration of his contention that good clothes and a prosperous appearance are a common sight among the free boarders at the shelters, Commissioner Weber related with some amusement how, on entering one of the shelters, he and Commissioner Kelly were mistaken by attendants for applicants for relief and were ordered to line up with the inmates.

"We found men in the rooms of the shelters playing cards for money," said Commissioner Weber, "and the attendants told us that the inmates all seemed to have money to buy booze. They cleaned out from 25 to 50 liquor bottles every morning, they said."

"Most of these men are bums who have never been anything but members of the hobo class, and who had sunk to the level of degradation in which we found them long before the present depression started. Most of those who are not hoboes are employed during the day and have money in their pockets."

"As an example, we found the case of one man who owns two flat buildings. He had had a spat with his family and refused to live with them any longer. So he went to the shelter and was being kept by the taxpayers."

Mayor Cermak reported a similar case yesterday. Police in a district near one of the shelters found an automobile illegally parked, and when the owner

failed to appear took it to the police station. When the owner appeared to reclaim it, it was discovered, the mayor said, that he was living at the shelter for the idle.

PROPOSE SHELTER PROGRAM

"Commissioner Kelly and myself found no complaints on the present operation of the shelters," said Weber. "The places are sanitary, being kept clean by the attendants. What they need is a general tightening up. We advocate a program as follows:

"First, fingerprint every man who enters the shelters, as an aid to police in checking crime. I was informed that a number of known criminals, safe-crackers, and robbers have been using the shelters as hideouts between crimes.

"Second, take the shelters out of the hobo districts, where they are now centered, and place them under direct police supervision, perhaps that of the police employment bureau.

"Third, refuse relief to transients, or at least cut down that relief below the present level. We discovered that more than half the occupants of the shelters which we inspected were men from out of town who had come to Chicago for a bath, a meal, and a good rest. Most of them told us that they had been shoved along by police in smaller communities or by railroad men who knew of the Chicago shelters. The majority were not in Chicago to stay, but were on their way south or to California for the winter."

[Chicago Tribune, January 5]

DOLE COLLAPSES IN NEW ZEALAND; CASH RUNS OUT; TAXPAYERS OBJECT; TURN TO CHARITY

AUCKLAND, N. Z., January 4.—A year of operation of state unemployment relief in New Zealand reveals the futility of national taxation to aid the idle, for in spite of a government-collected tax of 5 cents to the dollar from all workers, local committees have been forced to beg voluntary funds to meet the needs of the sufferers.

The unemployment insurance act which was jammed through the legislature 12 months ago, was to have removed all fear of the future for the 70,000 idle men and women. Instead of that, it has proved a source of public danger, has irritated the workers still holding jobs, has set up one more bureaucracy, and has threatened to disrupt the government itself.

DRIES WELLS OF PUBLIC CHARITY

The act, the country was told, was to be scientifically administered and all the unemployed would be sympathetically considered. But the first result of the new legislation was to accomplish something on which the government had not reckoned. It dried up the wells of private charity. Benevolent citizens, previously anxious to help the less fortunate, now figured out their unemployment tax and found that they were paying from \$60 to \$120 a year to aid the idle. In addition, these citizens paid a flat tax of \$5 a year. The \$60 payment was called an "emergency tax," but it was not easier to pay because of that.

With the weekly pay envelope lighter now because of the vanished bills, the workers decided that since the government was taxing them so heavily for the benefit of the unemployed, it was the government's task to keep them.

The next factor was the creation of unrest among the idle themselves. The government had admitted its responsibility to care for the idle army, one which is four or five times as great as this country put into the field in the World War. The idle, highly organized, because this a country of joiners, determined that the government should keep its pledge. They resented the manner in which they were sent to camps in the country districts, places where it was impossible for them to make a bid for the few jobs that were offered. They also resented the fact that they were refused food and shelter if they did not enlist in the camps drafts.

RESENT RELIEF POLICY

More bitterly still they resented the method of the government in granting aid. Tens of thousands of dollars, they knew, were being collected in taxation and were being held in a fund. At once they began efforts through their organizations to have the benefits extended.

It was the government's preemptory refusal to grant greater benefits which caused the riots in Auckland and Wellington. The administration was stalling in the fear of still greater unemployment in the winter just past and followed the natural path of holding on to funds to meet the needs of additions to the ranks of the unemployed. This could not be explained to the idle whose discontent was carefully played upon by a clever band of communists, and if it had been explained, they probably would not have appreciated it. They felt only the pressure of their immediate needs and demanded the right to live in a manner approximating that to which they had been accustomed.

Discontent among the idle was accompanied by irritation in the ranks of the workers. Taxed as much as they could bear, with incomes cut 10 per cent by order of the state industrial commission, and tariff rates and depreciated currency boosting living costs the workers met the protests of the less fortunate with annoyance.

SYMPATHY FOR IDLE VANISHES

Reminded every week of what they were contributing toward the support of the idle, they believed that this should be ample to aid the submerged tenth of the population. Sympathy for the unemployed vanished. Willingness to organize against threats to property and intolerance of the protests of the idle became marked. Disraeli's two nations, the rich and the poor, became replaced with two different races—the idle and the employed.

Within the House of Parliament the effect of this nation-wide tension was felt. Ministers accused the labor party of fomenting discontent and stirring up lawlessness. Legislation was passed to crush any attempt to organize the unemployed for an effective protest against their lot.

Government members, in reaction, condemned their own ministry and threatened to vote against it because of its lack of sympathy with the unemployed. A leader in this movement was R. A. Wright, conservative front bench and ranking member of important committees, and a former minister of education. The existence of the government was threatened within and without.

ONE MORE BUREAUCRACY

By implication the government had promised to tackle the unemployment problem and find a way of starting new industries to absorb the idle army. Committees were appointed for this purpose, but nothing came from them. It began to look as if the position were permanent.

And on top of this there was the irritant effect of the creation of one more bureaucracy—and one trading on the misery of men. Clerks discharged from other government departments were taken in here and given jobs on a vast system of records and indexes, made examining officers and inspectors to scrutinize claims of the idle. A great organization was created and, sensitive about the cost of operating the scheme, the government would not publish administration costs. But the country knew what was happening and resented it, the taxpayer because this was not what he believed he should be taxed for, the idle man because he saw the offices run at the cost of himself and his family.

Before long, too, the unemployment funds were raided to build a hotel. It was an important hotel, and on a key site in Napier, the district wrecked by the disastrous earthquake almost two years ago, but it was still a hotel.

MONEY RUNS OUT

That was not what the funds had been created for and more bitterness was aroused. Then the money began to run out. Principal cities could raise no more cash to aid their own unemployed and the state could give them no further advances. The only way was to turn back to the citizens again. So the system swung around the full circle, and state relief, having proved incompetent, city and town must appeal to the humanity of the people, to the age-old warmth of fellowship and pity for those in distress.

"It is bad that man in our midst should be unemployed, but it is infinitely worse and is intolerable that women and children should go hungry," said Mayor Hislop of Wellington in a recent appeal for funds.

And so, by dances, conquests for queens, processions, and street days, the old method of raising funds returns to the state scheme, which was to have taken over the responsibility, stands condemned as inefficient.

[Chicago Tribune, January 6]

RUINOUS RELIEF

Mr. Wilfred S. Reynolds on behalf of the Illinois emergency relief commission estimates that doles to the idle in Illinois this year will cost \$92,000,000, at the present rate of outlay. All but \$12,000,000 will be spent in Cook County. The \$92,000,000 does not include the ordinary sums spent in normal times for various forms of charity in the community. It is an additional sum which presumably must be borrowed from the Federal treasury or on the credit of the State or its subdivisions.

Merely to state the facts is to expose the absurdity of the program. That much money would not be lent to Chicago for unproductive purposes by any responsible lending agency; and if the money is advanced by an irresponsible Government agency it will bankrupt the Federal treasury within a few years. The United States Treasury might have the resources to finance the idle in Chicago alone, but it can not finance depression relief in New York, Boston, Detroit, Philadelphia, and a score of other cities.

Welfare work on that scale can lead only to the bankruptcy of the governments which attempt to finance it and thus to universal insolvency. In the vain attempt to support the idle in idleness those who are supporting themselves and the State will be ruined and, in turn, forced to seek charity. The scheme is self-destructive, suicidal, and none the less cruel because it is put forward in the name of relief. What happens when such schemes are attempted is revealed by the experience in New Zealand. Those with jobs and those without them join in a common ruin.

Professional welfare workers may be expected to protest that anything less than the program they envisage will entail human suffering. Possibly so; but the penalties of acceptance of their budget are far graver in terms of human suffering. The repeated warnings which were given in The Tribune of the consequences which must flow from the extravagance of our local governments went unheeded by many public officials. The results are now all too apparent. The payment of teachers' salaries, for example, is half a year in arrears. The board of education, despite its taxing power, can not borrow to meet its deficit because bankers and everyone else with money to lend know that the incomes from which all taxes must be paid are so depleted that the risk is too great. The same incomes which can not support the schools at the 1932 level can not support an added bill of \$80,000,000 for relief; and no amount of emotional oratory can alter that bitter fact. Possibly Chicago could find \$80,000,000 for relief if it were not for Federal taxation which takes more than that amount yearly from this community; but we can not support our idle and the Federal bureaucracy as well.

The relief budget will have to be reduced and greatly reduced. In this connection there is much to be said for the plan of "earned relief" put forward by Mr. Martin Bickham. Instead of supporting the idle in idleness he has sought to provide them with useful work. The administrative costs have not proved to be excessive, as many had feared. The relief fund which he has administered has been used to clean and repair public buildings and other public property in Chicago, including streets and alleys. His plan has tended to maintain the morale of the unfortunate instead of destroying initiative and moral fiber. His plan exposes the loafers and condemns them. It discourages professional pauperism and tends to restore personal pride and ambition. To that extent it reduces the demand for the dole and offers some hope that the relief budget can be held within reasonable limits.

[Chicago Tribune, January 12]

IMPROVIDENT RELIEF

A spokesman for Chicago relief agencies testified before a congressional committee the other day to the effect that \$92,000,000 will not be enough to provide care for the idle in Illinois this year. Ninety-two million was the figure which had been set by some of his colleagues. He raised the ante to \$120,000,000 and wasn't sure that even that sum would cover the requirements.

The improvidence of the professional distributors of other people's money, as there illustrated, is a fair match for the improvidence of the idle. With that kind of thinking going on around us, it behooves the citizens of Chicago to take a more active hand in determining the appropriations for relief and in fixing the principles of distribution lest the relief of the idle engulf every one else in ruin. This community can not afford to give away anything like \$92,000,000—much less \$120,000,000—in 1933 over and above the ordinary charitable contributions. The absurdity of the proposal is suggested by the fact that the total collection to date of 1930 taxes in Cook County has been only \$127,000,000. Ninety-two million dollars is about six times the annual appropriation for the police department of Chicago, and Chicago has not been able to find the money to pay its policemen for months of faithful service. The National Government, which is advancing these funds to the counties, is in turn borrowing it from the banks and is operating under a growing mountain of debt.

We are rapidly drifting into acceptance of the dole as an American political and social institution. Our dole has all the evils inherent in any scheme for State support of the idle in idleness. It encourages men to think that the world owes them a living, which is bad, and it encourages them, in addition, to think that the world can afford to support them in idleness, which is, perhaps, worse. Our dole is the more vicious in that it is not even masked in the guise of unemployment insurance to which the man now in idleness has contributed. It is simon-pure largess by the State and it must lead, as all such schemes have ever led, to the degradation of the recipient and the destruction of free government and institutions.

There is no attempt here to overlook or to minimize the difficulties under which thousands of families in Chicago to-day are laboring. Employment is scarce and industrial and commercial dislocations have been severe and protracted. But the fact can not be overlooked that ever increasing taxation for relief funds can only make matters worse by throwing more men and women out of employment and closing more factories.

Two matters deserve the attention of those in charge of relief administration. One is that the declining price level of commodities justifies a careful restudy of the amount of money required to support the idle. If \$25 was enough a year ago, \$15 may be sufficient now.

The other, and more important, matter is to put an end as speedily as possible to the distribution of relief funds without any return in service from the recipients. At first blush the made-work programs appear to offer a way out, but on examination they are not so satisfactory. The men employed on these jobs are obviously aware of the futility of much that they are doing and conduct themselves accordingly. As Mr. Frank D. Loomis pointed out in a cogent letter published a few days ago in the Voice of the People, "New means of self-support is the only way out of the present morass." It is to finding those means rather than to fabricating fantastic estimates of relief fund requirements that the friends of the unfortunate will devote their attention.

WHY FEDERAL SPENDING IS EXTRAVAGANT

One of the gravest aspects of government in the United States is the discrepancy of power between the States which receive most of the Federal money and those which are taxed to provide it.

James M. Beck reminds us in Our Wonderland of Bureaucracy that 12 States in the fiscal year of 1931 contributed to the Federal Treasury in income taxes 6½ per cent of the total income tax receipts, while they received back 51½ per cent of their contribution. On the other hand, five States received approxi-

mately 5½ per cent of their contribution. Three States pay in more than one-half of the income-tax receipts and receive back a very small percentage. Eliminating large and important contributions and including only direct subsidies from the the Federal Treasury for non-Federal purposes, there are six States which draw out \$2 for every dollar they pay in. Two States receive more than \$3 for every \$1 they pay in, while New York, which contributes nearly a third of the revenue, receives less than 1 cent for every dollar it pays in.

It should be obvious that a distribution of power to tax and spend out of all proportion to contribution must, as it does, result in inordinate taxation and irresponsible expenditure. There can be no efficient restraint upon Federal extravagance while this discrepancy exists, unless it be by the influence of a sense of justice and common interest in public economy among the States profiting, and this has not yet appeared.

One of the sources of this serious weakness is the fact that a State having 86,000 inhabitants has the same voting strength in the Senate as a State having over 12,000,000 inhabitants. Seventeen States having collectively fewer inhabitants than New York have 34 votes in the Senate. New York has two. Twenty-five States have a majority of the Senate but only one-quarter of the population of the Union.

Before the sixteenth amendment authorizing the income tax, Federal taxation was apportioned according to population and, making due allowance for the extraordinary expenditures of the war, Federal taxes have increased at a staggering rate. In 1913 the total expenditures of the Federal Government were \$724,000,000 in round numbers. They are now \$4,700,000,000, an increase of 600 per cent.

But, it will be asked, why is this discrepancy of power in the Senate not checked in the House of Representatives, where appropriation bills must originate? It might be to a great extent if the Representatives of the more populous States were conscious of the consequences of Government extravagance. But the system of trading favors, logrolling, is stronger than the demands of economy or the sense of justice in taxation. The influence of committees is a controlling factor in action in the House. Citing one instance, Mr. Beck remarks that "It is a great wrong that 75 Members of the House out of a total membership of 435 should pass upon appropriation bills, for the subsequent ratification of the Committee of the Whole House itself is generally perfunctory."

We can not repeal equal representation in the Senate. It is the one provision in the Constitution which can not be repealed, unless it were by unanimous consent of all the States or by revolution. But the House of Representatives can reduce the evil of exorbitant taxation and ruinous expenditure if it wake up to their fatal consequences and use its powers of control. With Federal bankruptcy staring us in the face, perhaps this enlightenment will appear. That will depend upon the organization of a militant demand for drastic economy in the Nation. It also calls for aggressive leadership for economy in Congress. There are Senators and Representatives already aware that our present course promises disunity and disaster and are speaking out. It is significant that among these the best informed and most effectively outspoken is a Member of the House, Representative Beck, of Pennsylvania, whose influence we hope and expect to see increase rapidly as public opinion throughout the Nation realizes that immediate drastic retrenchment of Federal expenditures is of vital concern to all our people and to the perpetuity of our common welfare.

(The table referred to in Miss Kilbreth's statement is printed in full as follows:)

Statement showing by States (1) the amounts and percentages of income taxes collected, and (2) the amounts and percentages of total internal revenue taxes collected during the fiscal year ended June 30, 1932 (on a basis of warrants issued)

State or Territory	Federal tax collection				Federal-aid payments	
	Income taxes	Per cent of total	Total internal-revenue receipts	Per cent of total	Amount of expenditures	Per cent of total
Alabama.....	\$2,263,032.46	0.21	\$2,615,750.05	0.17	\$3,734,979.74	1.49
Alaska.....	122,856.31	.01	123,366.17	.01	88,558.48	.04
Arizona.....	858,152.43	.08	918,880.55	.06	3,712,617.49	1.48
Arkansas.....	978,787.85	.09	1,034,375.55	.07	3,989,615.85	1.59
California.....	61,569,288.21	5.83	76,405,967.87	4.90	10,113,968.70	4.04
Colorado.....	5,147,909.08	.49	5,548,218.28	.36	4,731,502.50	1.89
Connecticut.....	19,055,628.40	1.80	20,341,705.23	1.31	2,691,201.13	1.07
Delaware.....	15,232,162.06	1.44	16,368,254.58	1.05	1,160,406.85	.46
District of Columbia.....	7,459,921.97	.71	8,449,637.39	.54	149,154.88	.06
Florida.....	5,138,081.61	.49	8,478,398.25	.54	3,137,523.27	1.25
Georgia.....	4,185,589.14	.40	4,422,383.57	.28	6,193,086.54	2.47
Hawaii.....	3,348,999.08	.32	3,785,882.08	.24	652,145.01	.38
Idaho.....	465,306.34	.04	485,338.59	.03	3,265,079.50	1.30
Illinois.....	91,461,011.69	8.65	106,973,480.70	6.86	11,479,329.07	4.58
Indiana.....	10,891,705.72	1.03	12,443,758.34	.80	7,345,362.86	2.93
Iowa.....	6,166,137.45	.58	6,455,906.63	.41	5,047,664.87	2.02
Kansas.....	6,864,416.78	.65	7,144,002.07	.46	5,671,593.78	2.27
Kentucky.....	5,618,665.60	.53	26,273,498.78	1.68	4,103,016.62	1.64
Louisiana.....	5,219,132.10	.49	6,280,956.39	.40	3,934,425.67	1.57
Maine.....	3,938,861.50	.37	4,345,593.75	.28	3,006,904.07	1.20
Maryland.....	21,822,803.17	2.07	23,435,538.25	1.50	2,339,567.52	.94
Massachusetts.....	45,075,317.11	4.27	49,160,123.43	3.15	5,628,698.82	2.25
Michigan.....	55,141,031.33	5.22	59,952,511.74	3.84	8,507,521.17	3.40
Minnesota.....	12,987,338.35	1.23	14,305,965.79	.92	6,648,336.31	2.66
Mississippi.....	776,146.13	.07	844,890.71	.05	3,376,705.44	1.35
Missouri.....	25,471,348.91	2.41	34,743,275.99	2.23	6,111,388.52	2.44
Montana.....	750,726.29	.07	869,792.32	.06	5,031,202.58	2.01
Nebraska.....	3,030,186.45	.29	3,157,412.00	.20	5,669,262.56	2.26
Nevada.....	1,299,099.85	.12	1,346,609.57	.09	2,722,556.96	1.09
New Hampshire.....	1,467,083.04	.14	1,684,239.17	.11	1,334,031.63	.53
New Jersey.....	42,808,281.93	4.05	70,394,221.26	4.51	3,033,776.69	1.21
New Mexico.....	355,711.18	.03	379,561.89	.02	2,963,268.42	1.18
New York.....	348,550,738.13	32.98	395,616,411.38	25.37	19,992,830.10	7.99
North Carolina.....	11,464,232.47	1.08	231,362,001.35	14.83	5,053,167.78	2.02
North Dakota.....	234,543.80	.02	247,241.00	.02	3,526,577.52	1.41
Ohio.....	47,531,971.58	4.50	61,853,989.58	3.97	9,135,482.14	3.65
Oklahoma.....	10,005,745.66	.95	10,178,484.15	.65	4,965,379.90	1.98
Oregon.....	2,382,821.54	.23	2,560,833.11	.16	4,684,390.15	1.87
Pennsylvania.....	97,177,311.40	9.20	109,394,468.94	7.01	11,989,944.26	4.79
Puerto Rico.....					289,224.43	.12
Rhode Island.....	6,189,077.06	.59	6,709,285.97	.43	1,980,867.15	.75
South Carolina.....	1,504,070.32	.14	1,773,556.78	.11	2,797,390.70	1.12
South Dakota.....	414,637.23	.04	448,859.00	.03	4,161,784.36	1.66
Tennessee.....	5,456,702.93	.52	9,253,933.10	.59	3,531,517.75	1.41
Texas.....	17,449,444.86	1.65	18,310,533.92	1.18	14,806,670.99	5.91
Utah.....	1,395,890.45	.13	1,442,628.31	.09	2,857,095.55	1.14
Vermont.....	837,835.45	.08	965,816.22	.06	1,298,021.84	.52
Virginia.....	13,324,786.33	1.26	100,240,343.56	6.43	4,133,301.94	1.65
Washington.....	5,371,290.87	.51	5,748,813.43	.37	4,295,165.51	1.72
West Virginia.....	4,982,273.39	.47	7,082,263.34	.46	3,298,381.23	1.32
Wisconsin.....	15,156,868.27	1.44	16,508,169.80	1.06	5,805,243.95	2.32
Wyoming.....	345,616.28	.03	402,389.30	.03	3,900,555.59	1.56
Philippine Islands.....			363,829.47	.02		
Total.....	1,056,756,697.54	100.00	1,559,613,345.65	100.00	250,377,778.01	100.00

TREASURY DEPARTMENT,
Washington, January 11, 1933.

Mrs. MARY G. KILBRETH,
Chairman Board of Directors,
The Woman Patriot Corporation, Washington, D. C.

MADAM: Receipt is acknowledged of your letter of January 7, 1933, advising that statements showing:

- (a) Amounts and percentages of the income taxes collected in each State during the fiscal year 1931;
- (b) Amounts and percentages of total internal revenue taxes collected in each State during the fiscal year 1931 (on a basis of warrants issued); and
- (c) Amounts and percentages of total Federal-aid payments made to each State during the fiscal year 1931.

were forwarded to you with Treasury letter of February 6, 1932, and requesting statements setting forth information of this character for the fiscal year ended June 30, 1932.

Statements setting forth the information desired by you, as indicated above, for the fiscal year 1932 are inclosed.

You will appreciate, of course, the limitations of data representing Federal tax collections in a particular State, and the care with which such data must be used in the interest of accuracy. Receipts from internal revenue collected in a particular State, for example, do not necessarily correspond with the amounts which the people of that State ultimately pay toward the expenses of the Government. While the individual reporting income in a certain State is usually a resident of that State, his income is often derived from sources in another State. Also corporations, particularly the larger ones, pay their income tax in the State in which the principal offices are maintained, although their physical properties may be located in an entirely different State or section of the country and the greater part of their profits from sales derived from many States. It is impossible, therefore, to obtain the exact contribution of any particular State to the support of the Federal Government.

The amounts of expenditures made by the Government as direct payments to the several States and Territories, usually under cooperative arrangements, and ordinarily referred to as "Federal aid to States," are shown in the statement referred to in (c) above. These figures have been compiled from the records of the Treasury so far as possible and in other cases from information furnished by other departments or Government establishments having administrative control of the appropriations. The expenditures of the Government for the carrying on of its own functions within the States, such as the collection of taxes, constructing and maintaining Federal buildings, public-health activities, under the Treasury Department; military posts and operations under the War Department; reclamation projects, national parks, under the Department of the Interior; district courts and other judicial functions under the Department of Justice, etc., are not included in this statement. Complete statistical information of this character can be obtained only from the departments or Government establishments having administrative control over the appropriations involved.

By direction of the Secretary.

Respectfully,

JAMES H. DOUGLAS,
Assistant Secretary of the Treasury.

Senator COSTIGAN. The committee will recess until 10 o'clock Monday morning.

(Whereupon, at 11.50 o'clock a. m., the subcommittee recessed to 10 o'clock a. m. Monday, January 16, 1933.)

FEDERAL AID FOR UNEMPLOYMENT RELIEF

MONDAY, JANUARY 16, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee reassembled pursuant to the recess of Saturday, January 14, in room 212 Senate Office Building, at 10 o'clock a. m. Present: Senators La Follette (chairman) and Costigan.

The CHAIRMAN. The committee will come to order. Miss Rich.

STATEMENT OF MISS MARGARET E. RICH, ASSOCIATE EXECUTIVE SECRETARY, FAMILY WELFARE ASSOCIATION OF AMERICA

The CHAIRMAN. Will you please give your full name, address and your position?

Miss RICH. Margaret E. Rich, 130 East Twenty-second Street, New York; associate executive secretary of the Family Welfare Association of America. I am also the editor of their monthly periodical, which is called "The Family."

The CHAIRMAN. Is that a national association with the city welfare associations and societies as its memberships?

Miss RICH. The Family Welfare Association has at present 242 member agencies in the United States and Canada. Six of them are in Canada. The member agencies deal with family welfare problems. They represent both privately supported agencies and agencies supported from tax funds.

The CHAIRMAN. In connection with your work have you become familiar with problem of unemployment relief, and in particular, can you give the committee information concerning the general situation, as well as particular instances of a typical character, showing the impact of prolonged unemployment and of the type of relief afforded upon the family unit?

Miss RICH. I think it is on the latter point that I can perhaps give you the most definite information.

My work involves visits to a good many communities. It also involves the reading of case records and talking with case workers, and the reading of reports, studies, and the like.

In addition, I have myself, of course, had occasional contacts with people who are out of work and who are dependent on relief. I have seen it, you might say, both in the large and in the small in some details; the mass of people waiting for their orders; and the mass of people with baskets at the commissary. I have also seen the workers themselves distracted and worn out with efforts to meet

mental and spiritual needs, as well as the physical needs, of families under constantly increasing numbers, with—if not a constantly decreasing amount of money—at least an amount of money which they feel should be increased in proportion to the numbers who have to be taken care of out of it.

I am not so much concerned with the accuracy of figures concerning the number actually dependent on relief throughout the whole country at this time. Whatever the number, it is too many. You get various estimates in different communities—1 person to 6, 1 person in 10, or 1 family in 10. It seems to me that that is not so material. I do think that the point of view which these people who have become suddenly dependent on resources other than their own is something that we need to have in mind. We have to recognize the fact that they have been until recently entirely responsible, not only for earning their own income, but for planning its expenditure.

Now they are dependent on the generosity of their fellow citizens. Whether that generosity is voluntary generosity through private contributions, or forced generosity by taxation, I think is again not material. They have in either case the feeling that they are dependent upon what their fellow citizens may be willing to do for them. There is a very wide variation in the degree to which the citizenry is willing to be generous.

There is a very wide variation in the manner in which they express their generosity. You get in a great many communities, still, a feeling that you must be repressive, that you must make relief unattractive, that you must make it difficult. In one city which I visited the people have to come back each week and make reapplication for a minimum food subsistence order. They have to wait in a crowded sitting room, sitting there hour after hour. That is supposed to prevent fraud.

Then you get commissary relief systems which pride themselves on the fact that they are able to feed people for 6 or 7 cents per person per day.

We have to realize, too, that the number who are now depending upon the generosity of the community varies in different communities. At least 66⅔ to 80 per cent of them have been absolutely self-supporting previously. In one city a study was made of 130 applicants for relief; it was only a small neighborhood study. Out of that 136 they verified the work records of 128; they could not verify two of the work records, because the employers had gone out of business. Of that 128, every man had a work record that covered from 5 to 10 years of continuous employment by one business firm.

In the past those people have planned their own expenditures. They have economized many times, but they economized for the sake of something for themselves or for their families. They saved their money because they wanted to buy a house, because they wanted to give their children certain advantages, and so on. The contrast is not merely in the fact that they are getting so much less than they got before but that the nature and the amount that they are getting is not determined by their own capacity to earn and to plan. They have lost their identity as individuals to a very large extent. They feel that, and they show it in the things they say and the things they do.

The people who are giving do not always realize that the mounting discontent is necessarily a sign of a communist's state of mind. It is really the eagerness of an individual to be self-maintaining, to plan, to exercise his own capacity, and to take care of those who are dependent upon him. The difficulty is not only in the meagerness of what is given—however generous it may be it is still meager—but in the uncertainty as to how long they can be taken care of.

In St. Louis last summer the newspapers said there was evidently going to be a tremendous cut in the relief that would be available. One man came to the office of the agency which disbursed relief in St. Louis and said, "We are only getting \$6 a week, but I think perhaps you had better take a dollar of that away from us and give it to somebody who needs it more." If there is going to be a cut, they are constantly worrying in the expectancy that they will be cut off, as was done in Detroit, and as they have done repeatedly in some other cities—cutting off and taking back again from time to time. In Detroit they had to cut off 12,000 families who had been receiving relief. They did not want to exercise favoritism, because they did not have time to find out who needed more, so they took the smaller families and simply dropped them from the relief roll.

I want to illustrate the effect of this uncertainty by the story of a woman who had tuberculosis and who had two children. She was struggling desperately to keep at a job that was too heavy for her in order to maintain herself and her children. The relief worker knowing the physical condition of the woman said, "Won't you give up your work and let us give you an allowance, give you money enough to take care of yourself and children, so that they shall not be separated from you, so that you can keep your home together, and so that you can get well?" The woman looked at the worker and said, "I appreciate that; it is very kind of you; but how do I know that you are going to be able to keep on giving me money? No; I will keep on the job."

Now, that is the sort of thing that is happening, in somewhat similar ways, in a good many different parts of the country.

I would like to touch just for a moment on what a budget for a family ought to cover and contrast it with some of the budgets we are providing to-day.

The CHAIRMAN. The committee will be glad to have you do that. Miss RICH. In normal times the budgets covered rent, fuel, light, cleaning, household supplies; soap to wash the children's faces and soap to wash the children's clothes; material to keep the house livable; clothing; car fare; and little incidental items, which might include fees for a clinic, certain things like the daily newspaper, and other things which we may lump under recreation, perhaps nothing more than car fare to take the children to the zoo on Sunday, or something of that kind.

The CHAIRMAN. Were these budgets usually paid in cash, so that the family was given the opportunity of planning the expenditure and of assuming that responsibility?

Miss RICH. That was the basic practice. In some communities you would have found part of that devoted to grocery orders, but I think every agency was striving to make this a paid allowance if the family had shown previous capacity to manage its own affairs.

The general feeling was that if you took away from the individual the opportunity to exercise certain faculties, to plan for himself, those faculties would become rusty. The individual would become increasingly dependent and would lose the ability to differentiate between the value of this and the value of that if his thinking is done for him. There was also a feeling that if that was done over a long period of time, when the head of the family finally again became able to earn his own living, he might not know how to expend his income advantageously.

On the question of food, I had a letter the other day from a public relief official in a small community asking me whether I could tell him what the practice is at the present time as to giving margarine or butter. He wanted to know if it was all right for them to continue as they were doing at the present time, giving no butter whatsoever in families where there were growing children. I not only sent him a list of some of the things which are being put in in a number of other communities, but suggested that margarine did not contain those elements to growth which butter contains, and which are essential to growing children unless we are going to develop adults who show the effect of starvation as some of the adults in Germany do to-day as the result of starvation during the war period. The budgets should, of course, include sugars, cheese, eggs, meat, and fish, and also baking powder and salt and things that flavor the food, which, after all, are rather important in a palatable diet. Then they should include cod-liver oil for every child in the family up to the age of adolescence.

In one agency, a private family welfare organization, they had, up to a year ago, a minimum budget for a family of father, mother, and three children under 13 which amounted to \$21.15 a week. The budget covered rent, fuel, light, food, clothing, household upkeep, education, and recreation. Presumably you can not cut a minimum, but that agency has been obliged to cut \$5 off this estimated budget. Fuel and light is cut from \$2.20 to \$1.75; household upkeep is cut from 75 cents to 25 cents; no clothing is allowed and there is no provision for the daily newspaper or for any opportunity for recreation.

The CHAIRMAN. That is, you are referring to the budget of some family agency?

Miss RICH. Yes, sir; one family agency at the present time.

The CHAIRMAN. You are not suggesting that that budget is given generally for relief?

Miss RICH. That is a high budget at the present time, \$15.40. I have chosen it because it is very much better than most of the communities are doing. Is that clear, Mr. Chairman?

The CHAIRMAN. Yes. Much of the testimony here has indicated that in most of the communities no such standard as this exists; that most of the communities have been forced through lack of resources to provide for the most part only a food order.

Miss RICH. I was coming to that, Mr. Chairman. The point that I would like to make in connection with what I have just said is that this is a paper budget; that actually even in that agency, which I think is carrying forward in an effort to meet more than the minimum, they are not able to pay the rent, for instance, except in a few

unusual instances; they are not able actually to provide the amount which is on their paper estimated budget.

In most places the relief that is given covers only the minimum food—and by “minimum” I think we ought to realize what “minimum” means. It may be 6 or 7 cents a day per person. The food is given out either from a commissary in packages, or in restricted orders because of the limitation in the amount of money that is available for the family. The result is a very monotonous diet, with all the effects of monotony on health—particularly loss of appetite because you get so tired of specific articles of food that you do not want to eat anything at all. In one small community they thought a commissary was one way of saving money—and that commissary I am glad to say has gone out of existence. I went into this commissary when it was first started. I found that the enthusiastic sponsors of the commissary had been offered a bargain in pancake flour, so that the place was filled high with packages of pancake flour which was being handed out as part of the staple diet for the families applying for help. They were giving out allowances only once a week, to be carried away in baskets. For one family, which was supposed to eat two loaves of bread a day, the women would come in for the week's order, and would carry away 14 loaves of bread, to last until next week.

In many States, as I think you already know, they are urging the use of kerosene lamps instead of electricity, because it is cheaper. In one particular situation of which I know, the investigator of the Home Relief Bureau of the city was puzzled by the fact that the family had given one name and that when their electric light bill was shown to the investigator, another name was given. The family was extremely embarrassed. Finally the man said that they had run up such a high bill at their last place that the electricity had been cut off, and they had left; when they moved and had paid their deposit to get the current turned on, they had therefore given an assumed name.

Taking the country as a whole, we would be safe in generalizing that rent is paid only when eviction is threatened, except in one or two isolated instances where the relief agency has agreed to pay, and then it is only part of the rent. The reasoning seems to be that the landlord can carry the family. There seems to be little if any recognition of the fact that the family not only lives in constant fear of eviction, but in constant fear of seeing the landlord, or of meeting him on the stairs or on the street. If the client moves, it is difficult to get rid of paying that back rent. If the landlord evicts because he feels he can not carry the client any longer, we have then the question whether the person, who is in need of relief is going to feel any future responsibility to pay the accumulated back rent. We wonder whether he or she will develop the feeling that that is the way you get out of your obligations; you move, you go somewhere else, you get away from the old neighborhood, and then you run up some more bills and move again, and so on.

One man who had been getting relief—he was a man who had formerly been able to support himself and his family rather more than adequately—had a wife and three children. They had had to apply for relief when their resources were at an end and for several months

were carried by an agency. At the end of that time, the man got a job at a good deal less than he had ever worked for before—it was only \$15 a week—and at the end of the week he came up to see the worker at the agency. He was perfectly desperate. He said:

What am I going to do? The minute I got a job the landlord was after me for the rent, and the grocer was after me for his bill before I came to you for help. What can I turn to and what will I be able to do? It would be better for me if I were not at work. If I can not make use of this \$15 a week what is my family going to live on?

I think we do not sufficiently understand the desperation that a man may feel, and that he may not attempt to get a job at all if the money earned on his new job is to be used up by accumulated debts.

We made a study of the practices of different agencies as to paying rent. One city wrote that they felt responsibility for paying the rent when necessary:

We find that the nervous tension produced by the fear of eviction is extreme and has disastrous results. Now, it is not only the adults who suffer. One little boy, when the dispossession notice was brought in, and his mother, rather trembling, was explaining what had to be done, looked up in bewilderment and said, "Mother, is not this house ours?" That is the feeling that they have.

I think I can not overemphasize the fact that at the present time, not only is this meagerness affecting people directly, but the uncertainty and the tension in some of these families that has resulted from this sudden change from freedom and freedom of choice to an absolute dependence, in some places seems almost like a kind of slavery.

We have this sort of thing: A man who was a worker on raw furs has been unemployed now for over two years. His wife does not believe that her husband is unable to find any work and is greatly upset over having to take assistance from the agency and is continually scolding and nagging him. The man is complaining of feeling ill and has been sent to the dispensary. His condition, the doctor says, is due to the continuous strain of his economic situation.

We have to-day harshness and irritability in many families where it never existed before. Children, no matter how young they may be, can not help but be affected when the mother and father are worried and harassed. One mother says, "I can no longer laugh at the funny things the children do."

Adolescents can neither understand nor justify their situation. The children have to give up certain social activities because they have not the right kind of clothes. This does not mean, simply, that they had foolish or silly standards about clothes. They have only the standards which they had the right to have during the years when they had money enough to make their own purchases.

Young children—children in the 14, 15, 16 to 20-year-old group—who do have work, often are supporting an entire family. I recall one little girl who was working half-time, after school, and was the only member of the family who was earning anything. The family is absolutely dependent on the \$8 per week that this child is bringing in.

The CHAIRMAN. Do you think the situation you just described contributes to some extent to the transient problem, in that the

young children feel the burden too great and finally give up and leave home?

Miss RICH. I think it does. It would be difficult to say how much it does contribute. However, I do not think there is any question but that there are many youngsters who are drifting from community to community who have left home because they felt they were leaving one less mouth to feed, or in the hope of getting work and sending money back.

We have many unattached men on the road at the present time because in most communities not only work relief but direct relief are open only to men with families. We find men starting out on the road drifting rather aimlessly because they quickly learn there is no opportunity for work, and they have to move on or be pushed on. They can stay a night or two in a municipal lodging house or police station, but after that they must be on the move. They are simply going around in circles.

One group of men who had been self-supporting workers in Pennsylvania, and who were men who were needed without question by industry in that community, when industry was running, were no longer able to find work. They had lost their jobs when the industry had closed. The industry had laid off the single men first, ranging from 20 to 35 years of age, in preference to the family men.

This group of men could get nothing to do, and could get no relief in this community, though it is a fairly generous community. So they finally went to the relief agency and said, "What are you going to do about us?" They went in a body.

Here we are. We have lived here and worked here for the most part for many years. We have what you call a settlement here. We agree that the family men and men with little children should be given the first chance, but what about us? Do you want us to go on the road? What do you want us to do?

We have watched that problem grow and change and vary in size for the last 14 or 15 years. Now, however, not only do we get the person who prefers to drift and who perhaps may have been a casual laborer, but we get the class of men, like those Pennsylvania men might have been, forced to drift because of conditions at home.

Senator COSTIGAN. Is it not a fact that these people are under pressure to escape their family obligations?

Miss RICH. I do not know whether I would say that, because I have felt that a great many of the married men would prefer to stay with their families.

Senator COSTIGAN. I refer to economic pressure.

Miss RICH. Yes.

Senator COSTIGAN. Of course, many do not yield to it, but there is—

Miss RICH. There is a desire, undoubtedly, to escape.

Senator COSTIGAN. There is an impulse in that direction?

Miss RICH. Yes.

I should like to contrast our generosity with what is being done in Germany. I spent some time there last summer and I should like to speak, for just a moment, of what they are doing in Cologne.

The CHAIRMAN. The committee would be very interested in that.

Senator COSTIGAN. Did you find the same problems of unemployment in Cologne?

Miss RICH. They have a population of something under 750,000. 42,000 families are receiving relief; 5,000 out of that 42,000 are also on unemployment insurance and are thus getting supplemental relief, but because of illness or large families, because they have had to cut the insurance benefits repeatedly, they are not getting the adequate incomes they were previously getting. Except for that 5,000, the 42,000 do not include persons on unemployment insurance benefits.

They give relief in cash. I asked the superintendent of the city department of public welfare, "How can you do that?" He looked at me in amazement and said:

We consider it the more economical way to do it. The people have been used to buying their own food and planning their own budgets and expenditures. They can do for themselves better than we can do it for them and not only that, but, after all, they do have individual preferences. Some like one thing better and some would willingly go without one thing to get something else. We tell them what they can have in the way of an allowance based on our total budget.

The allowance, I might add, covers not just food and a minimum of fuel and light, but covers clothing and rent and incidentals to household upkeep. It is a complete budget, in other words, not just a minimum subsistence budget. I do not mean that they are living in luxury by any manner of means. They have had to scrape it down to the least essentials, but there is provision for all the items which go into an ordinary household budget.

In addition to that, a family in which there is illness or a family which has had a somewhat higher standard of living, so that their rent, for instance, might be more expensive, is given a special allowance so that you get, instead of a absolutely minimum flat budget for everyone, a certain degree of flexibility.

Doctor Kraus, the head of the relief department, said to me:

You see, these people are the backbone of our country. These people are those on whom we must depend for our production for our industrial development in the immediate future. We can not afford to let them lose their courage.

If I had the time, I would give you the details of some of their work-relief projects which are extremely interesting from our own point of view, particularly the ingenuity and resourcefulness which their public welfare departments has shown in planning of specific work projects to meet the need of the variety of people who are coming to them for relief.

Every person who is unemployed registers with their work relief bureau. Every effort is made to get some kind of employment which will be within his or her capacity, for this includes young boys and girls as well as older men and women.

One particular thing which was in process when I was there was the building of houses. A group of unemployed men have been given the opportunity of working under an experienced architect in building a group of houses. They are paid a very low wage for it, but after those houses are built, the men are going to have the opportunity to buy them on a long time payment basis—a 30-year basis—to live in themselves. So, they are not only giving the men work, but giving the men something to look forward to in the way of a more livable home.

In Germany something that touches particularly on our transient-youth problem in this country is that they have worked out plans for what they call voluntary-work projects. They do not put youngsters in camps where they will go through all the agony of adjustment to congregated living, but they put them on farms, or sometimes with institutions or industries, where they are given the opportunity to work, and, while they are working, are also trained so they will have something in the way of a vocation for the future.

The youngsters are from 16 to 25 years of age. They are grouped according to their ages and are given only maintenance during the period that they are on the voluntary-work project. They are, however, also told—and I think a great deal of emphasis is laid on this—that they are serving the state by what they are doing.

Of course, they have there what we have not yet—many, many youngsters who have finished their schooling and have never been able to get a job. Another point that was emphasized in everything that Doctor Kraus, the head of the department, said to me, is the awareness on the part of public officials and the community as a whole, that you must, through every possible means, preserve and maintain the capacity of these people to live productive lives; that no community can survive if the majority of its citizens are not living, or are incapable of living, productive lives—lives which not only earn an income for themselves but a surplus to go into the common welfare.

The CHAIRMAN. What would you say as to the contrast, if any, in the morale of these people in Cologne as compared with the morale of people in the United States who are in a similar situation?

Miss RICH. Of course, it is hard to be sure that I am speaking absolutely objectively, but I went to the district offices there in Cologne, and I saw people coming in for their cash allowance—which is given once every two weeks—and I got this feeling: That here were not groups of people who were being thought of as trying to defraud the Government or who hung their heads—I do not know of any other way to express it—but there was a certain dignity. Not that they were anxious to keep on getting relief, because again and again you learn how glad they were to be able to get an opportunity to work and were eager to take advantage of it, but somehow they did not feel degraded. People did not think less of them.

In Germany they are working from very, very many different angles, including the work relief and training projects. In addition they have worked out plans for recreation, so that people can get out of their homes and do not have to sit there looking at the bare walls and at one another until they are strained to the point of excessive irritation. I think they are better organized, for the most part, than most of the places I have seen here to save people from having to wait a long time in long lines. They have no commissaries or bread lines or soup kitchens. Relief is handled by these cash payments over the counter, and yet extreme care is used in checking up as to eligibility and need, with careful check to see that they are not giving too little or too much. This organization, of course, has imperfections, but on the whole I thought I discovered much less feeling of utter despair than in this country. However, that is an impression, and I do not want to place too much weight on it.

Recently the United Charities of St. Paul, which is carrying a very large part of the relief burden there, sent out a questionnaire to 200 families who were receiving help. The questionnaire covered such questions as the age and number of children; whether or not they owned their own home, whether they owned their own furniture, their trade and occupation, how long they had been out of work, their feeling when they first had to ask for relief, what they felt the effect of unemployment was upon themselves and family as to worry, despair, etc., whether the family life seemed to have been affected, what they thought when they had to apply for aid from a relief organization for the first time, whether they would be happy if they had to continue receiving financial assistance without a job, whether they favored working for their relief, whether they thought the services the United Charities workers had tried to render were helpful, whether they believed individual plans for each family to be better than mass distribution of relief and, if not, why, what plans they have made to help themselves this winter—and I think that question is very significant—and whether they find it easy or hard to work out such plans.

Another question was "What are you and your family doing to keep from growing more discouraged, what recreation do you have, what more could this city provide that would be wanted and appreciated by unemployed families?"

The final question was: Please feel free to state anything you desire about unemployment and its effects on you and your family.

That was sent out to 200 unemployed family men. They were asked not to sign their names. The society wanted criticism and it got criticism. It received numerous letters. These are a very small selection out of the answers which were given, just a few and I should like to read, with your permission, some excerpts from these.

The CHAIRMAN. Very well, Miss Rich.

MISS RICH. I want to read all of one letter.

In January, 1930, after 13 years with at least one pay day in a month, I found myself out of a job. My worries were not great for I had a little money which I thought would tide me over very easily until I could return to my job or find something else to do. Let me state right now that I didn't think it would be hard to find another job, for I always thought that anyone out of work was just a little shiftless.

I am not sure but that he represents the common public opinion at this present time, which may account for our lack of real generosity—when you are out of work, you are shiftless.

Nevertheless, we returned our furniture which was almost paid for, to the furniture company with the understanding that we could have it back when I returned to work, and took quarters in a couple of furnished rooms which was a great deal cheaper.

In other words, they did everything they could for themselves to reduce their own expenditures, with a great deal of foresight and wisdom.

But as time rolled on I found that it was not as easy to get work as I thought, and when my money was gone, worry came, and I grew more discouraged. Unemployment has never caused trouble between my wife and me because we have always been able to keep together, and as for the little one she is not yet old enough to realize all of those things.

Then imagine my feeling when I awoke to the fact that I had to secure help from somewhere to keep my wife and child from sleeping in the streets. I laid awake nights thinking that I would go the next morning and just what I would stay, but when daylight came courage seemed to fade. I thought of stealing, and to this day I still think it takes more nerve to ask for charity. But, then, I had to think of the disgrace that I would heap upon my family should I get caught. But, so there will be no misunderstanding, let me say I am not a thief nor have I ever stolen anything in my life.

When I look back over my life I see many happy moments. But the happiest moment will be when I can notify the charities that I no longer require their assistance.

I have been asked several times if I am in favor of working for relief which is a difficult question to answer. But I will say in some cases, yes; and most cases, no. In some cases I imagine we have a class of people who would never work or look for work. But to me there is nothing so humiliating as to stand out in front of the public and work when you know that they know what you are doing. Then again it reminds me of the days that I have read of in history when we had the slaves. Every relief client that is out working is taking a job away from some person who will eventually have to seek aid himself.

In my contact with the United Charities I have had the occasion to deal with three different ladies, and each one of them treated me very kindly, and were it not for the help I received from them I don't know what I would have done. In addition to their financial aid their kindness and willingness to help me have been of the most value. I am looking for work as much as possible, but it is rather hard to get around without car fare, and I have placed my application wherever they would accept it.

I have made no plans for this coming winter for I know of nothing to plan. I most surely believe in the individual plan for each family rather than mass distribution for I think that each case needs special attention.

We have no recreation except a game of cards with the neighbors or a ride once in awhile with some thoughtful friend.

Now those last three answers, which are given in this pamphlet, are repeated with variations in almost every one of the letters. You get, over and over again, the feeling, what is there to plan with?—the hopelessness of no future. It is like a blank wall. It is expressed differently in the different letters, but it is said in practically all of the letters.

I want to pick out a few paragraphs here and there. This man who has gone back to work says:

No two families have exactly the same conditions to meet but many seem to have been, as myself, reduced to primitive needs and have become either debased and discouraged, or lawless, immoral, and criminal.

Worry and grief, hunger and despair have been ours to the extent that happiness could be no part of each day. A man with a completely deflated ego is less a man. His family is less a unit, less respectful, and more critical.

With loathing and shame I made a reluctant plea for help when I was to be evicted from the house I'd lived in for years.

I want to add that these letters have not been edited, and there was no effort, in selecting them, to select those which showed a particular picture.

Another man said:

I would stress the individual plan 100 per cent, as no two families are exactly up against the same proposition. To my idea this special plan can really be the only successful one, especially where the relief is extended any length of time. The privacy alone speaks for itself.

Writing on the work relief plan, he says:

In my opinion I believe the majority of men would be pleased to do work of any kind in payment for relief. It seems to me they would feel better satisfied if they could earn the food they get and, besides, loafing hurts a man's morale. If some system could be devised to keep the idle busy, I am sure

there would be less discontent. To return to work would bring happiness, and that in turn will bring back confidence. Our country needs that now more than anything.

This is how one man felt when he became an applicant for relief:

When a man is faced with the condition as outlined in your fourth question there are two courses open to him. We naturally assume that the man is devoted to his family, has exhausted his credit, has made every possible effort to secure employment, and has finally come to the stage where he faces disposssession action and starvation for his loved ones.

Of course we ourselves should raise the question as to whether we should wait until a man's efficiency is practically beaten out of him before he is given a chance to build up his life afresh. He continues:

One alternative is a life of crime. Another is application to a charitable organization. Both these alternatives received thorough consideration from me. Had I no dependents I frankly think I would have chosen crime, as there would be a gambler's chance of getting by until things picked up. On the other hand, could I afford to bring everlasting disgrace on the lives of three growing daughters by risking the penitentiary to alleviate a condition which I regarded as only temporary?

I think that answers the question that Senator Costigan raised as to the desire to escape the burdens imposed by unemployment.

Another man writes:

We haven't suffered. Well, no; we've had food and a place to sleep. But if I could only put down on paper my thoughts and feelings at times I could describe other evil effects of unemployment. It's like the last great war. Ask any man who has seen service. "It was a great experience, but I wouldn't want to go through it again," he will say.

A young husband, the father of a new baby, writes:

Now that we have a baby I've just got to get some money together and soon. If it had not been for the generosity of friends and relatives our baby would have but little to wear. People who are just as hard up as we are have given a bed, blankets, socks, shirts, everything a baby needs, and it makes me feel disgusted to think my friends have done more for our baby than I have.

Now that the baby is here we have something to take our minds off our worry and poverty. I've been going to the hospital twice a day, walking out and back even though my feet are about to come through my shoes. I've forgotten the depression for the time being and I'm going to be so busy from now on I won't have time to think of my troubles.

The worst feature of the depression is the lack of recreation. Wherever we go we have to walk. Not that that's harmful, but it's hard on shoes and a person has to be very careful of shoes when you don't know when you'll get another pair. Our only recreation is card playing—500 being a great favorite, and if the depression has done nothing else it developed some good card players.

He is still able, you see, to put in a light touch!

We also get quite a bit of pleasure talking of the money we have had, the jobs we've had, and what we'll do if we were to come into possession of a great sum of money.

Another man writes, I think, with a great deal of bitterness:

My wife has been very unhappy. For one reason, we never have a car token to get out on. We still have a few friends and relatives we could visit if we were not handicapped in this respect.

The children are as much as 15 pounds underweight and they always seem to be angry and cross since going on this Paul Bunyan diet. The eatables in your No. 1 order are enough to last about one week. The other four weeks they live on prunes, beans, and salt pork, potatoes, bread, and oleomargarine.

When he describes how he felt when he first went to get relief, he says:

In the first place I did not care to have anyone but myself and family know about it. Another thing, I expected to be given an option of what to eat and what to feed my family on.

Another man says:

Unemployment has had an effect on my life and the life of the family that is really hard to put into words. We have never actually despaired but our life has not been as happy and as free from care and worry as it was while I was steadily employed. I don't believe that the life of the children has been to any great extent as yet changed, although they are not being kept as well dressed, some of them as we would like. We have managed to keep them all in school, except the oldest boy, who has graduated from high school and had not yet undertaken to get any further education. They get very few opportunities to take in any amusements for which they would be required to pay.

In writing how he felt when applying for relief, one man writes:

Applying for charity was too humiliating for words to express. A person who has always made his own way through own efforts and capable of earning \$3,000 per year asking for charity!

He further writes:

Individual plans every time. Mass distribution will not work here.

With reference to recreation he says:

By reading and attending church functions we manage to keep up the fight. Not much in way of recreation aside from this, but we feel that under present conditions nothing should be spent for anything of a frivolous nature.

He suggests that—

If the city could induce entertainers to give their services for a few bright, interesting public shows for those out of work during this winter, especially children, it would help them to forget their troubles, but of course, relief must come first.

Again and again we get this note, of which I spoke before:

We have no plans other than the one which is all important, to keep up our courage and to not let our worries reach a point where we become grouchy and mean to our children.

We have made no plans for the coming winter. We find it very hard to plan anything as we don't know what to expect.

We have no recreation at all. We wish we did as it would help take our minds off ourselves.

I think it would be nice to have unemployed men's clubs—nothing expensive, but where we could get together and talk things over with someone different and play cards with the women folks. It would be something different and help pass the long winter months when we will be without a job.

One man writes on the question of individual plans:

My belief is that an individual plan is best where it possibly can be used. We all have different tastes and modes of living. From a social standpoint it is important to keep courage as high as possible and by using a mass plan you are taking away part of the foundation of courage—a big part—namely, independence and responsibility. When standards and modes of living are taken away and they are dear to all of us, there will be a mental unbalance and a wrong strength given to emotion.

I want to reemphasize the fact that those are the men themselves speaking and that there was no effort to edit the letters, or put in letters which the workers themselves would like to see.

I have here a very brief article which will be published shortly on some ideals to guide practical administration of unemployment relief. May I read just a few words from that?

Senator COSTIGAN. Who is the author?

Miss RICH. Leroy A. Ramsdell, who is executive secretary of the community chest in Hartford, Conn. He speaks of the number of people who are dependent upon philanthropic or tax funds for their existence, and then continues.

Three-fourths of these are of a type quite different from that which is ordinarily associated with a condition of dependency. A few short years ago they were honest, industrious, ambitious, and substantial citizens. To-day they escape starvation only at the price of some part of their self-respect and confidence. Yesterday they gave the best they had to the making of a prosperous society; to-day that society not infrequently offers them famine rations and ramshackle tenements as rewards for their years of conscientious labor. These are the men and women of whom we must be thinking when we speak of unemployment relief, these with their dependent old folks and their children and babies—your neighbors and mine.

Then he refers to three ideals to guide the practical administration of relief for these people. The first he gives is health.

It takes an uncommonly strong constitution to bear up under almost daily calls from the landlord for rent when there is nothing with which to pay it. A relief policy which makes inadequate allowance for rent condemns its victims to just this kind of persecution with an increase in the incidence of nervous and mental disorders as a probable consequence. Or take the question of food: Nutrition specialists have given us authoritative statements to guide relief agents in budgeting allowances for food. Even these standards will not as a rule maintain health unless the housewife is more than usually skillful. A relief policy which budgets smaller allowances than those standards indubitably subjects its clients to slow starvation, with all the attendant susceptibility to disease. To whatever extent we fail to administer relief on a basis which will fully preserve the physical health of the unemployed and their dependents, we shall incur a definite loss in the physical resources of our community for which we shall pay dearly, year after year, far into the future. I submit that it must be forever a blot upon the good name of the community if any man, woman, or child emerges from this experience in a worse state of health than before because of the manner in which his needs have been dealt with by our relief administration.

As a second ideal I suggest decency. It is not decent to herd people together for hours in stuffy waiting rooms or hang them up promiscuously on bread lines, clothes lines, nor whatnot. Nor is it decent to treat respectable people as if they were criminals. How long can a family maintain its sense of decency without enough beds to sleep on and with nothing but castoff clothing to wear? Moving folks into dirty tenements in shabby neighborhoods and goading old men and young lads into a life of vagrancy are other forms of indecency for which nearly every city in the country will be called upon sooner or later to give an accounting. Not long ago these unemployed friends of ours were self-respecting people, holding up their heads, looking their fellowmen squarely in the eye, filling useful, dignified, honorable places in our common life.

I think he means there, also, that they were useful to us, as well as to themselves and their dependents.

What will they be after we have finished giving them relief, and what kind of citizens will their children become in the community of to-morrow? Yes; I offer you common decency as an ideal to be striven for in unemployment relief.

My third suggestion, for a goal to aim at, is precision. Mass production of automobiles could not be achieved until the technique of precision measurements and precision tooling was developed. The functioning of the finished product depends absolutely upon the exactness of hundreds of adjustments in the minutiae of the machine. Similarly and for much the same reason successful relief administration on a large scale depends upon the precision of adjust-

ments in individual cases. What does this man and his family need, not only in the way of food and shelter but also medical treatment, financial advice, and all of those intangibles which contribute to the temper of what we call morale? Which of these needs is the family capable of providing for itself; and which are they, for the time being, not able to provide? The exact determination of these matters in thousands of individual cases is a sine qua non of relief administration that does not do more harm than good. The relief administrator, however, is not dealing with such inert materials as steel and aluminum, but with living organisms no two of which are alike. It follows of necessity that these questions can not be determined uniformly for thousands, or hundreds, or even dozens of cases, by any board or committee, however wise. Nor can they be determined by 12-year-old clerks. They must be determined differently for each case, and they can not be determined with precision except through an understanding of human behavior and its reactions to social forces. Niggardly relief and too liberal relief are both devastating to human character. Our goal must be to adjust relief to the individual situation as nicely as the chemist balances his scales. I have borrowed the term precision from the field of exact scientists in order to emphasize the quality which we need. In the field of social and ethical science its name is justice.

Health, decency, justice. What a sorry state we have arrived at when these must be set up as ideals. We have not yet squarely faced the realities of unemployment. We have thought of it as a nuisance to be endured with as much fortitude as we can muster; but it is, in reality, a dreadful disease sapping the basic resource of civilization—the character of our people. We have met this deadly attack with a half-hearted attempt to expand our antiquated relief machinery without modernizing its motivating ideals. As a consequence our unemployed friends and neighbors find themselves victims of a system which too often starves their bodies, warps their minds, and crucifies their souls.

The CHAIRMAN. Thank you very much, Miss Rich.

STATEMENT OF MRS. LENORE STONE MEFFLEY, ACTING GENERAL SECRETARY OF THE FAMILY SERVICE SOCIETY, RICHMOND, VA.

The CHAIRMAN. Will you please give your full name, address, and your position, Mrs. Meffley?

Mrs. MEFFLEY. Lenore Stone Meffley. My address is 221 Governor Street, Richmond, Va. I am acting general secretary of the Family Service Society.

The CHAIRMAN. What is the Family Service Society?

Mrs. MEFFLEY. It is a privately supported family charitable organization doing family service work.

The CHAIRMAN. In connection with your work, can you give the committee some idea of the effect of the present unemployment situation and the relief being provided, upon individual family units?

Mrs. MEFFLEY. For two years, until the 1st of November, I was case supervisor in our agency, and I have brought some stories of actual families I have known and personal contacts I have made.

The CHAIRMAN. Are they typical?

Mrs. MEFFLEY. Yes; absolutely. Miss Rich has given you, in general, the whole perspective, and it is so applicable to my own experience there is no need of repeating that, so I will be very brief in my statements and in the stories.

I brought with me this morning a representative group of family situations—representative from this point of view, that they show families who, previously to this time, have been productive citizens,

who were not dependent and who, in no way, could be grouped under the general load, you might say, of agency work during normal times. They range anywhere from factory employees to business executives, and I will try to give you a few statements. All names, of course, are fictitious.

The first is the Jones family—husband and wife. The man had been a foreman in one of the factories, and when the firm closed down he felt that he must earn a living for himself and wife and that he could not resort to charity. Instead of that he took to bootlegging. He was able to maintain himself for awhile, and then he was caught and put into jail.

Now his wife has not only the disgrace of being dependent on charity, which they thought not nearly so desirable as bootlegging, but the disgrace of having her husband in jail.

The second case is the Gray family, in which the mother, 50 years old, takes care of the family of her two sons and one son's three children.

The mother was dependent upon the son's earnings. She kept the home and took care of the three little children. When the boy of 21 and the oldest son lost their work there was no alternative except appealing to a relief society. The relief which they received was inadequate. The boy of 21 could find no work.

They moved from place to place because they could not keep up their rent. Their living standard was very much lower than that to which they were accustomed, which, of course, you might say was low.

The last thing that happened was a few weeks ago when the boy of 21 went into the kitchen and cut his wrist with a knife because he felt that suicide was the easiest way out and he could no longer face his family with insufficient funds. He is now in the State hospital. He was found before he had bled to death, but begged his brother to complete the job.

The third case is the Jenkins family, father and mother and five children. This man was a painter by trade. The only work he has had since October, 1930, is made work. He at first was very hopeful. Now his attitude is that of hopelessness and despair. At the present moment, instead of an attitude of apathy, this man has become defiant. People in the community think he has become communistic. He has not. It is the only way out that he knows.

He came in sometime ago trying to find a place to move to. They were no longer able to rent a house in their own name. The last time they rented they had used a relative's name. They were unable to pay rent and were evicted.

He had a frail baby; and to this day that man believes, because of one eviction, the baby died. I could not say that that is the truth, because the child was frail, but the man believes the baby died because they were evicted. Probably nothing will be able to change his mind. He came in not so long ago and as he was leaving he turned and said, "I think things are going to be better, don't you?"

The next case is the White family, father and mother and four children all under 10 years of age. The man was a painter.

They lived in one of the Southwestern States for a period and came back to Richmond to his wife's relatives when he lost his job, because they knew of no place else to go. They have no legal settle-

ment here. The place he had, working in the Southwest, is no longer available, and there was nothing to go back to. The family was kept with relatives so long that the relatives' resources were exhausted. The man in this case is perfectly willing to work and to pick up whatever jobs he can get, but the jobs are scarce and there is no work. He is now weary and sits down and accepts whatever is done for him.

This next case is the story of a man who was earning \$10,000 a year as a business executive. He owned his own business. Business conditions failed and his business failed. Previously to this time he had been a valuable citizen and had contributed a great deal to his Government during the building of the Panama Canal and during the World War.

He had married a second time and has four young children all below the age of 18. He is a man of about 60, a man with a fine educational background, cultured, refined, and traveled—everything a person in that position could have.

He came to me in despair in December, 1931, having been referred to me as an individual by a minister because he could not bear the thought of applying to the agency. At that time he expressed the opinion that he could not understand a country like ours that would offer a man charity when they could not give him work. He has explained what happened to his family and I think you can understand what is happening in that family when I tell you that he told me that the baby, four years old, in asking blessing at breakfast, said he hoped that God would send his daddy a job so they could be happy again. I think you can understand the devastating effects which must be taking place in that family when a baby of that age asks that.

As Miss Rich says, when a man does get a job there is such a chain of garnishees fastened on him a man would rather not have the job than face the losing of the job again.

The same is true with this young man of 35, with five children under 12 years. All of these people are native-born American citizens, white, with no previous dependency in this family. They became dependent in February of 1931. They have been dependent until this last month.

The situation got so bad there that the mother, in her nervous condition, began to pick at little sores on her face until they bled. The father threatened desertion, and only by constant help of visitors and those interested in the family was he prevailed upon to stay with them and help bear their difficulties.

He now has a job as watchman, something he had never done before. He had been a salesman with an insurance company. He has done everything lately from housecleaning to painting. He is willing to do anything. They lost their house and finally moved into an old institution which was vacant.

There is always the question of domestic discord arising, separation, desertion, and sometimes worse than desertion, the fact oftentimes that a man with a family, to drown his troubles, will take up an active interest in some other woman.

This last story that I would like to give in detail has to do with the King family, a young man of 34 and his wife 29. They have

three children, five, four, and one a half year of age. The man was a salesman. Both families were born and reared in Richmond. They came to us in September of 1931. They had not been previously known to any relief agency in the city. It was a problem of unemployment and debt.

Eviction was pending. The man did not want relief and only asked for a visitor to talk with the agent to ask for a little time to get caught up with his rent. It had been the last resort of the man and his wife to help themselves.

For two and one-half years Mr. King had been unemployed. Every effort had been made to keep the family independent. Mrs. King's parents had helped until her father had become ill and there was nothing left to support themselves. Mr. King's father had done everything he could toward helping them. To remain independent, they had gone so far as to make and sell lunches, and Mr. King had been in our own agency, selling visitors' lunches. When he became dependent, it was a tragic thing for him to come where, in a sense, he had previously appeared as a business man.

They had tried so hard to remain independent that the wife had gotten up as early as 4 o'clock in the morning, when she was expecting a baby, to get the lunches up. However the profits had decreased so, owing to the layoff of employees who formerly purchased the lunches, that they had gone into debt. All of their savings and other resources had been exhausted; in fact, so desperate were they, that they felt that the expense of the last baby was not justified and they were worried for fear they would be criticized for having this child.

The gas and water turned off and the furniture was repossessed even though the man had offered to work and let his wages apply on the furniture bill.

They have constantly had before them the question of moving from place to place, and the result is a constant fear of eviction, deterioration in personal appearance, until now I would hardly recognize the man myself, lowered resistance on the part of the children, so that they have constant colds, discouragement, defeat, and fear.

I thought you might be interested in this, if you would allow me to quote from a letter which this man wrote on May 1, 1932:

We received a notice from the real-estate man and are worried sick, especially when you seemed to be in doubt as to whether you could get our rent money for us. I hope you can now, for we would hate to be put out of another place. That would not improve my reputation for paying my bills. We have tried so hard to struggle through this depression that it seems to be almost hopeless.

We are living in a constant state of apprehension since the first of April, not knowing what to do or how to go about it. * * * We appreciate what you have done beyond what words could express and we hope you feel that it is not our desire to become permanent wards of your society, but just now we plead with you to help us and appreciate my efforts in trying to stabilize my own household with my limited resourcefulness.

I think that will show you just what is happening, as I know it in contact with families, and if, perhaps, you might be able to consider them in the light of your own experiences as an individual, you might be able to appreciate them a little better.

The CHAIRMAN. Thank you very much, Mrs. Meffley.

STATEMENT BY EDWARD D. LYNDE, GENERAL SECRETARY OF THE ASSOCIATED CHARITIES, CLEVELAND, OHIO

I wish to insert in the record at this time a group of brief summaries of case histories of family situations known to the Associated Charities, of Cleveland, received to-day from Edward D. Lynde, general secretary of the Cleveland Associated Charities, to illustrate the distress caused in individual families by widespread and prolonged unemployment. The names and other identifying data concerning these families have, of course, been changed or withheld.

(The papers referred to are printed in full as follows:)

FAMILY PROBLEMS AND UNEMPLOYMENT

Davis: Karl, 44; Mary, 40; Evelyn, 21; and Elsie, 20.

The family has been known to Associated Charities because of unemployment since February 26, 1932. Mr. Davis earned \$30 a week until about a year before applying for aid. The family exhausted all of their resources before coming to Associated Charities and have made every effort to cooperate with the agency. They once had a nice home, a piano, radio, and nice furniture. They are now living in four small rooms in a colored section of the city. All members of the family feel this change in standards keenly.

Evelyn has been ill a great deal. She had chorea when a child and is still quite frail. She had most of her upper teeth removed several months ago and has not been able to have them replaced and is quite self-conscious about her appearance.

Relief is being given to supplement the income of Elsie, who earns \$5 a week doing housework. The family borrowed from practically all of their relatives before applying to Associated Charities and are entirely without resources other than Elsie now.

Walters: Joseph, 33; Ida, 24; Frederick, 5; and Joseph, 3.

This family applied for relief after Mr. Walters had been laid off his job, which he had held for four years. The family has a very high standard of living and are deeply religious. Formerly they had a very nice home but recently they had had to move into the home of a relative.

Prior to being laid off in 1930, Mr. Walters earned \$20 to \$25 a week, and his wife earned \$11 per week. At present there is no income, but once in a great while Mr. Walters's former employer will give him a half day's work for some specific article that is needed in the home.

The family owes approximately \$35 at the present time for lights, gas, and rent. The weekly food order amounts to \$2.70, and by careful planning the family has been able to get along on this. There are gifts of vegetables from friends occasionally to help out. We have also assisted recently with underthings and children's clothing.

D'Amico: Enrico, 45; Philomena, 43; and Antoinette, 15.

The D'Amico family only recently applied for Associated Charities assistance although Mr. D'Amico has been out of work for over a year and a half. They lived on their savings during this time, proud of the fact that they did not have to apply for charity. The depression has lasted too long for their meager savings. This family has always maintained a high standard of living. It is reflected in the children and in the home. The older girls attend John Hay High School. They are a little ahead of their class and do very good work. Antoinette, who is a very intelligent girl, has been troubled for the past year and a half with severe headaches and this is attributed to her eye condition, as she needs glasses very badly.

Kish: Andrew, 46; Anna, 44; Daniel, 19; Olga, 17; Eddie, 15; and Matilda, 13.

Mr. Kish has been employed by the Hupp Motor Car Corporation for a number of years as a duco finisher but was laid off three years ago because of unemployment, and has not been able to secure work since. He is hard of hearing and this serves as a handicap to further employment. For a while the family got along very nicely since they have been quite provident and had purchased a home. In the fall of 1932 the bank foreclosed. When all of the

family resources were exhausted, they made application to the Associated Charities. Unemployment relief has been given since the first of December.

Olga is attending West High School. She is an unusually attractive girl and is both active and interested in school affairs. Although her clothing is very poor, she has maintained her school activities in a very wholesome fashion. Unless some special opportunity is provided for her on a scholarship basis, she will have to stop school at the end of this term as the family can not afford to buy her books, car fare, and lunches.

Tekesky: Joseph, 30; Mary, 28; Lillian, 5; Junior, 2½; and Evelyn, 1.

The above-named family has been known to the Associated Charities since December 15, 1930. Mr. Tekesky is a carpenter but has been unemployed since that date. He has tried to secure any kind of a job but has been unsuccessful.

Mrs. Tekesky has become quite discouraged because of Mr. Tekesky's unemployment. She has high standards of housekeeping but the house is meagerly furnished and is badly in need of bedding.

There is no income in the home as Mr. Tekesky has not been able to secure any odd jobs. Previous to this period of unemployment Mr. Tekesky earned an adequate income, approximately \$60 per week. There are no friends or relatives who can be of any possible assistance. Mr. Tekesky's parents are also dependent upon the Associated Charities. Mrs. Tekesky's parents have assisted the family but they can do no more. The family is greatly in debt for grocery, gas, and light bills.

Matthew: John, 44; Julius, 16; and Vincent, 12.

Mr. Matthew has been unemployed since last spring when he was let out of a city job. Since that time he has tried to keep the home together and be both father and mother to the boys. He cooks for them and even does the washing, and is quite proud of the way he irons their clothes. Mr. Matthew is very anxious that the boys get as good an education as is possible, and Julius, age 16, enjoys going to school very much and is very much interested in his business course at West Tech. He is in the third year and has been having a very difficult time this year getting the necessary supplies for his bookkeeping course. Occasionally he has been able to earn 50 cents on Saturday peddling hand bills, but he does not have this success very often. He has borrowed books and school supplies from the other boys, but does not feel that he could possibly go through another year doing this.

Mr. Matthew's sister helps the family as much as possible and manages to keep the boys fairly comfortably dressed for school, but can not always contribute for Julius's school materials, as they are rather expensive for the type of course that he is taking. He is a very studious boy and is greatly worried because he may have to stop school in February because his father has no money to buy the necessary books and supplies for him.

Associated Charities is furnishing a weekly grocery order of \$2.15 and flour. Coal is also sent, and kerosene is provided monthly.

In order for Julius to continue at West Tech it is quite necessary that he have some means of securing the necessary supplies, as the school has no way of taking care of this. He does not object about having to walk to school or carry his lunch.

Priesly: Richard, 24; Mary, 22; and Dolores, 21 months.

This small family has been through a hectic two years since their wedding day. Both parental families are unable to assist them financially. Although they have been known to the Associated Charities for over a year, Mr. Priesly has been partially self-supporting during that time. The fact that they were forced to stay with his parents, a large family in crowded quarters, gave them little privacy and less security. As soon as Mr. Priesly secured his last job, they moved into furnished rooms.

They were hoping to move later into unfurnished rooms but Mr. Priesly's health was affected by the lead fumes in the shop where he worked and he was obliged to give up this job before these plans could be carried out. The Associated Charities helped to establish them, however, and Mrs. Priesly is happy at last to have their own home. Her parents keep a much better home than Mr. Priesly's parents. Thus it was difficult for her to adjust herself to the squalor and the noise of that temporary refuge. She managed to do it, though, without any friction. The family are now living in three small rooms downstairs in an old 4-family house and the Associated Charities is giving

full relief. Both Mr. and Mrs. Priesly are anxious to be as independent of charity as possible.

There is no income in the family at present, however, nor are they able to secure help from their families. At the same time, they are relatively free from debt, owing only the bill for Mrs. Priesly's confinement during the birth of Dolores.

The Associated Charities is giving a weekly grocery order of \$3.50, clothes when needed, and 25 per cent of the rent regularly. Some few items were also provided for the home. Mrs. Priesly's mother donated the greater portion of the few bits of furniture.

The kitchen has been adapted to serve as the main room. Dolores is at the age when she spends most of her playing time on the floor. The numerous cracks and crannies in it expose her to cold and dampness, at the same time making the room hard to heat. We are asking for \$3.50 to buy a linoleum rug for the kitchen.

Petocky: John, 45; Sophia, 44; Edmond, 15; Raymond, 13; Teddy, 8; Eugene, 5; Irene, 2½; and Matthew, 6 months.

The Petocky's home is a tiny 5-room cottage set in the middle of a large garden. During the course of many years that the family has lived there they have repaired and rebuilt the house so that from a shanty it has become a home. To them it represents all that they had hoped to gain in coming to America. Now, they fear to lose this property because for many months no payments have been made on the mortgage.

Associated Charities supplies all families' necessities—food, clothing, and fuel. Twice Associated Charities has paid interest on the mortgage: \$9.60 on July 30, 1931, and \$9.99 on January 25, 1932, to prevent foreclosure. The bank is again threatening.

When employed in the contracting business before the depression, Mr. Petocky earned \$7 a day. Since April, 1930, he has had no work; consequently family has no income at all. There are no relatives to assist.

Archer: Charles, 33; Hilda, 23; Charles, 1; and Mrs. Archer's father, Mr. Rowe.

Neither Mr. Archer nor Mr. Rowe have had work for many months. Mr. Rowe is especially anxious to get work and would do anything. He was for many years a chauffeur in Germany and is very proud of the fact that he knows so much about cars. He is very unhappy because he is forced to live with his daughter when he ought to be able to care for himself.

Duncan: Frank, 44; Agnes, 40; Frank, 23; Alvina, 21; Milan, 18; Daisy, 14; Esther, 10; and Iona May, 8.

The Duncan family came to the attention of the Associated Charities because of Mr. Duncan's unemployment. He was laid off from work because of illness. He then went back to work again until a few months ago, when he was laid off because of lack of work.

The home life of the family is of a high order and they are devoted to one another. The family have been accustomed to a higher standard of living and therefore, it has been difficult for them to meet a lower standard but both Mr. and Mrs. Duncan are cooperative in this regard. Mrs. Duncan tries to be cheerful in order to keep up the family's morale. She complains of ill health but she is nervous and becomes excited very easily.

Before Mr. Duncan was laid off entirely he was earning on an average of \$16 every two weeks. Alvina worked at the Ohio Bell Telephone Co. but has been unemployed for the past year. There is no income in the home at present. Neither Mr. nor Mrs. Duncan have any relatives who can assist the family.

Associated Charities has been assisting the family with a \$5 weekly grocery order and has also given one sack of flour each week.

One week ago a furniture company took away some of the family's furniture, including a mattress. Since then it has been necessary for the children to sleep on the floor.

The CHAIRMAN. The committee will now recess until to-morrow morning at 10.30. The hearing will be in this room, Room 212, Senate Office Building.

(Whereupon, at 11.50 o'clock a. m., the committee took a recess until to-morrow, Tuesday, January 17, 1933, at 10.30 o'clock a. m.)

FEDERAL AID FOR UNEMPLOYMENT RELIEF

TUESDAY, JANUARY 17, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee reassembled pursuant to the recess of Monday, January 16, in room 212 Senate Office Building, at 10.30 o'clock a. m., Senator Robert M. La Follette (chairman) presiding.

The CHAIRMAN. The committee will come to order. Mr. Estill.

STATEMENT OF CALVERT L. ESTILL, DIRECTOR OF PUBLIC WELFARE, CHARLESTON, W. VA.

Mr. ESTILL. My name is Calvert L. Estill. I am the director of public welfare; that is, head of the State department of public welfare.

The CHAIRMAN. How long have you held that position?

Mr. ESTILL. From the date of the creation of the department, July 1, 1931.

The CHAIRMAN. Has that department concerned itself with the problem of unemployment and its relief?

Mr. ESTILL. Yes, sir; it was given charge of an unemployment relief program in 1931, and when Federal funds became available in 1932, a bipartisan administration of four men chose the department of public welfare as its executive agency throughout the State, and the Federal program has been handled exclusively by the department.

The CHAIRMAN. What was the nature of the State relief program; was it a work relief program or a direct relief program, or a combination of both?

Mr. ESTILL. Do you mean last year?

The CHAIRMAN. I understood you to say that the State initiated a program which was later supplemented and augmented by advances from the R. F. C.

Mr. ESTILL. The State program was an attempt to mobilize all local resources, and it was largely a work relief program because the only funds it has to use were road funds and public works money.

The CHAIRMAN. Under what section of the R. F. C. emergency act did West Virginia obtain the funds?

Mr. ESTILL. Title 1, section 1, subsection (c).

The CHAIRMAN. When the additional money was made available by the Reconstruction Finance Corporation did it change the character of the program which was being carried on by the State?

Mr. ESTILL. The program is still a work-relief program if that is what you mean.

The CHAIRMAN. That answers the question. Can you give the committee information concerning the nature of the program in West Virginia; whether the load has increased, how many citizens are at work, how many families are having assistance under this program, and what the resources available to meet it are? I would like to have you proceed, in other words, to give us a general picture of the situation which has existed in West Virginia in the past, what the situation is to-day, and what your estimates as to the immediate future.

Mr. ESTILL. Mr. Chairman, I have prepared a statement on this matter.

The CHAIRMAN. Very well; will you please proceed in your own way?

Mr. ESTILL. The first grants of Federal funds for the relief of destitution in West Virginia were made by the Reconstruction Finance Corporation to the counties of Monongalia, Logan, and Raleigh for the months of September, October, November, and December, 1932. Before the close of the year 36 other counties and 1 city had received grants. All grants were for the period from the approximate date of application to the close of the calendar year 1932.

New grants have been made to these same counties for 1933, but only for the months of January and February. First time grants have been allowed to eight additional counties for the period January 1 to February 28, 1933. Federal funds are now being used in 47 of the State's 55 counties.

All the grants made during the year 1932, with the exception of that made to the county of Mercer, were based on an average allotment of \$15 a month for a family of five. This amount, supplemented by whatever local resources were available, had to take care of all necessities, including food, clothing, fuel for cooking and heating, and shelter. Grants for January and February were based on \$18 per month per family in a few counties and \$15 in all others.

From the date Federal funds began to be used in West Virginia in September, 1932, up to the 1st of December, assistance was given to 85,110 family groups, representing about 425,550 persons. Estimates for December alone indicated aid would have to be extended to about 90,000 family groups or 450,000 individuals.

The CHAIRMAN. Have you been able to take care of all of those who needed relief?

Mr. ESTILL. No, sir; it has been impossible to take care of all the cases, investigate all the cases, and the figures that I gave here are those actually receiving relief and not figures showing the number of applications for relief that have been made.

The CHAIRMAN. Have you any figures on that?

Mr. ESTILL. In the county of Kanawha they have received 9,600 applications. Of those 9,600 applicants, 6,000 have been placed on relief. That is the only figure that I have in mind right at this time.

The CHAIRMAN. Can you state why it was that the approximately 3,000 others who applied did not receive relief; was it due to lack of funds or because the applicants were considered unworthy of assistance?

Mr. ESTILL. The applicants were not considered unworthy of assistance because the investigation of those applications have not yet been made, which has been due to lack of sufficient staff.

The CHAIRMAN. And the lack of staff, I presume, is occasioned by lack of sufficient funds?

Mr. ESTILL. Yes, sir.

Early reports for January show that this case load is increasing.

Under our plan all able-bodied persons are required to perform work of a worthwhile public nature for the aid they receive. That the program has been effective in this respect, at least, is shown by the fact that from September 1 to December 31, 1932, applicants for relief in West Virginia worked 3,631,555 man-hours; and that 86.4 per cent of the funds expended went for work relief, while only 14.6 per cent went for direct relief.

It has not been possible this far to give adequate relief to the needy and distressed people of West Virginia. The average allowance per week per person has been between 70 and 89 cents, taking into consideration assistance from all sources, including Federal funds.

The CHAIRMAN. Why has this relief, as you state, been inadequate; was it because the State failed to request sufficient funds from the R. F. C.?

Mr. ESTILL. It was due more to the fact that even the best estimate we could make on what our case load would be, turned out to be far under the actual case load. Many people have been simply hopeless over the economic outlook, and not having any hope they do not make known their condition. Since the fund became available these people have really come out of hiding and have made their applications; consequently the load had gone up. In Kanawha County, as I mentioned a moment ago, I believe the last applications were put in on a basis of a case load of about 8,000 a day; they have probably by this time 10,000. The last-quoted estimate I had was 9,600.

The CHAIRMAN. Does the R. F. C. approve the basis of relief per person or per family that the city presented?

Mr. ESTILL. Yes, sir; in the subsequent grants, that is, in the last grants.

The CHAIRMAN. How about the earlier grants?

Mr. ESTILL. In the first three grants, or rather grants for the first three months, the estimate was materially reduced.

The CHAIRMAN. By the R. F. C.?

Mr. ESTILL. Yes, sir.

The CHAIRMAN. What is the estimate you presented at that time?

Mr. ESTILL. The estimates were based on approximately \$23 per month per family, and were reduced to \$15.

The CHAIRMAN. Do you consider that a minimum basis necessary for sustenance and health?

Mr. ESTILL. We consider that really below the minimum.

The CHAIRMAN. What was the basis which you finally agreed upon after the R. F. C. indicated that the basis was too high?

Mr. ESTILL. Fifteen dollars per month, and in the second grant, for January and February, we were allowed to raise that basis from \$15 per month in some cases—

The CHAIRMAN. To \$18?

Mr. ESTILL. Yes; to \$18.

The CHAIRMAN. For what particular types of cases were you permitted to raise it?

Mr. ESTILL. In the urban and industrial centers, not the rural sections.

The CHAIRMAN. And you still regard the basis as inadequate?

Mr. ESTILL. I do; yes, sir.

While this income is admittedly better than nothing, it is nevertheless dangerously far below the minimum standards set by competent agencies in the past. Relief should be sufficient to maintain wholesome, normal living standards for the family or the unattached individual. Relief, to be adequate, must insure proper food, necessary clothing, decent shelter, and medical service; and from the administrative angle, it must insure the employment of a sufficient number of competent, trained persons to carry out a constructive, effective program. Resources which have been available have not permitted adequate relief.

The CHAIRMAN. In what respects have you been forced to amend this minimum standard, as you term it, in order to come within the basis allowed by the R. F. C.?

Mr. ESTILL. The funds available, both from Federal and local sources, have been just about sufficient to maintain the families and keep them from starvation, nothing except food, and practically no clothing.

The CHAIRMAN. What about rents?

Mr. ESTILL. No rents.

The CHAIRMAN. Do you pay rents even after eviction, or before?

Mr. ESTILL. We have adopted the policy which has been followed elsewhere, in cases of eviction, or in cases of threatened eviction, when they could not get along, we have permitted some payments of rents.

The CHAIRMAN. What about medical care?

Mr. ESTILL. In the first grants, made in 1932, we permitted the same medical and hospital services on a case basis; that is, if the case was in all respects eligible to assistance. In the grants that were made to us for the year 1933, in the resolution adopted by the corporation, there is a provision to the effect that it is understood that the funds are not available for medical, hospital, or institutional services.

The CHAIRMAN. So you had to abandon that minimum medical care in order to come within the regulation of the R. F. C.?

Mr. ESTILL. We have felt that that was an inhibition against the use of funds in that respect; yes, sir.

The burden of caring for transients should not be imposed upon a State. It is impossible to return to their homes the thousands of persons who are to-day on the move seeking work in every part of the country. They should be given intelligent assistance wherever they may apply for aid. In West Virginia the factor in determining whether a transient shall be given assistance is not consideration of his legal residence, but consideration of his logical residence. Such a policy costs money and should not be carried out at the expense of the State.

Suffering as we are from a national calamity, it is only right that we should insist upon Federal responsibility in effectuating a definite

relief program. It is not sufficient for the Federal Government to lend money to the States for financing such a program. This policy has resulted in a haphazard, patched-up relief program, in which even the low standards that prevail differ radically between States. Certainly, the Federal Government, by guidance and direction, could bring about the maintenance of some standards that would be of material help to the States.

The CHAIRMAN. What have they been able to do about transients in West Virginia?

Mr. ESTILL. We are just getting our program under way, Senator. We take their full history, wherever they may apply for aid. We offer them the assistance to which they would be entitled as if they were residents; that is, they are given work relief, if they are able to work, and if they are persons who are simply of the hobo type, they very quickly pass on. If they are not, they stay and work and have a chance of adjustment.

The CHAIRMAN. What percentage would you say are of the typical hobo type, to which you have referred, among the transients—that is, just a rough approximation?

Mr. ESTILL. I imagine not over 1 or 2 per cent, and that is a very, very rough estimate. We have not received reports on transients in sufficient volume to tell much about it as yet.

The CHAIRMAN. How big is the transient problem, if you know, in West Virginia—that is, approximately?

Mr. ESTILL. I believe our figures show around 10,000 transients, estimated for the month of December, but we have a further complication in that the rate of wage which we pay on work relief seems to be somewhat higher than that paid by our neighboring States, and we are getting a constant drift from those States into our territory.

The CHAIRMAN. In other words, you are being penalized in your effort to meet the problem?

Mr. ESTILL. Yes, sir; that is it exactly.

The CHAIRMAN. Because there is no broad, general program to take care of it?

Mr. ESTILL. Yes, there is no guide post of any sort that I know of. That is very clearly illustrated by a letter I received just before I left the office from one of our southern counties which states:

As the Virginia line is so near us we are having many applicants from that section. As you know, Virginia only pays fifteen cents an hour. The State of West Virginia would, therefore, be a great inducement for them to come here.

Now, of course, as quickly as they can investigate those cases and find out that they really belong in some place else, they are sent back there, but where a transient comes from a distance it is impossible to return him.

In my opinion, however, the Federal Government should do more than act as a banker for the States in helping them finance relief programs. Financial assistance should be provided as grants in aid, and not as loans by the Federal Government.

It is not sufficient that the Federal Government should help finance State relief program and by guidance and direction should help to make such programs effective. It is also necessary that the Federal Government, if possible, insure that the State and its po-

litical subdivisions shall do everything possible to help carry their own burdens.

The financial situation in the political subdivisions of the State of West Virginia is not helpful. Most counties and most municipalities have large deficits. Revenues from taxes are falling off, and there is every indication that they will continue to fall off. Perhaps there is not a great deal that political subdivisions can do financially to help themselves at this time, but they should be required to do what they can.

Assistance should be forthcoming from the Federal Government, when necessary, to enable those States securing Federal funds for the relief of destitution to administer such funds as effectively as possible. In West Virginia we have four field workers, each with a district comprising 10 or more counties. With such a large territory to cover, it is impossible for them to give the close supervision to local organizations that is desirable. Our administrative costs have been less than one-half of 1 per cent. In the same way, the local organizations do not have sufficient help to survey and find all the persons needing assistance. Up to the present time it has been necessary to rely on the destitute to have enough initiative to make application for aid. Some effort should be made to find those people who are in need.

The CHAIRMAN. Do you believe that you could more economically and efficiently spend the money which you are now spending if you had a more adequate staff?

Mr. ESTILL. Yes, sir.

The CHAIRMAN. You think, in other words, that this "pennywise-and-pound-foolish" policy is largely on the side of administration?

Mr. ESTILL. I do. I might say, however, that the Reconstruction Finance Corporation is not holding us down in that respect. We still have absolutely no guide to determine the size staff to put on, or determine what we can expend. It is based on so much per family, and all that includes administration.

The CHAIRMAN. That is, you feel that you can not provide adequate administration so long as the basis is already below what you considered the minimum standard?

Mr. ESTILL. Yes, sir.

The CHAIRMAN. In other words, you are in the position that to provide proper supervision and administration you would have to pare this inadequate relief even lower?

Mr. ESTILL. Yes; if we were to get proper administration. We are using as many people as we can in administration on a work relief basis, though we do not allow such people to come in contact with the family group. We feel that that would be a bad social practice.

Provision should be made not only for adequate personnel for administration of relief funds, but personnel for supervision of work projects as well. Many political subdivisions of the State have no funds with which to employ road foremen or other supervisors; and it may soon be necessary for those subdivisions to carry on a program of direct relief only.

There is a terrific demand for medical and hospital service in the State. Doctors in many cases actually do not have the means of

reaching patients, though they are willing to give their services. Some definite arrangement should be made to provide medical and hospital care in needy and eligible cases from Federal funds in subdivisions where local resources are not available.

The CHAIRMAN. Is the demand, in your judgment, for medical and hospital care rising out of proportion to the increase in the relief load?

Mr. ESTILL. I would say not. I believe it is in proportion to the increase, but we have nothing, no accurate records to base a statement on in that respect because we have held them down, and it has just been taken for granted that it could be done. I believe that Miss Smith will be able to give you more accurate information on that subject.

Malnutrition, particularly among children of school age and pre-school age, is widespread. Unless relief is allowed on an adequate basis, this condition will continue to the point where the public will pay a thousand times over for crippled bodies and warped minds.

The CHAIRMAN. Can you give us any more detailed information on that subject?

Mr. ESTILL. I can supplement that to this extent, Senator. One of the divisions of my department is dealing with crippled children. Even as late as a year ago we could take a child from a home and send it into a hospital. They usually operated within 24 hours. To-day, a child coming from the same type of home must be kept in the hospital sometimes from 2 to 3 to 4 months in order to be built up to stand the operation.

The CHAIRMAN. In other words, this inadequate basis of relief is apparently breaking down the health of the children to such extent that they have to be hospitalized for a long period before they are in position to withstand the operation?

Mr. ESTILL. Exactly so, sir; and whatever the reports may seem to indicate otherwise, that is the actual condition as I find it. The school authorities report a good many thousands of undernourished children. Of course, undernourished children do not usually come from the best homes, but that is not the case of the majority of these children. They are undernourished simply because there is no food for them.

There is no hope of sufficient improvement in general conditions to lighten the relief load in the near future. As a matter of fact, judging from present trends, the peak of the relief burden in West Virginia will be reached in March and April. This statement is based on facts secured from the Workmen's Compensation Commission, which show a drop in wages paid for December of more than \$3,300,000 as compared with January, 1932. These facts reflect the condition in private enterprise of all kinds.

The CHAIRMAN. If you know, will you state if there is a corresponding decline in the number of persons listed as employed, or has the pay roll declined out of proportion to the number of persons listed as employed?

Mr. ESTILL. This decline in the pay roll is indicative of men released and thrown out of employment. The figures that I have here showing the wages paid during 1932 are based on the actual records made after the wage cut had taken effect. We did not have

much additional wage cut during 1932. So that the reduction in the monthly pay rolls, in this actual additional unemployment, shows that there has been a steady drop; for instance in January the wage paid showed a drop—

The CHAIRMAN. Of what year?

Mr. ESTILL. 1932—of \$16,780,931. In February it dropped to 15; in March, 15; in April, 15; May, 14; June, 13. The total for the first six months was \$91,281,665.

The CHAIRMAN. Do you know how that compares with a more normal year?

Mr. ESTILL. It is very much below it. I could not give you the percentage sir. Now, in July a further drop came and wages fell to \$12,520,546, and so it goes right straight down the line. There was a seasonal peak in March and November due partly to a little increase in the coal business, not much.

The CHAIRMAN. Has that since declined, do you know?

Mr. ESTILL. That has dropped again, in December showing \$300,000; an early report for January indicated a probable falling off. The workmen's compensation in West Virginia covers practically every enterprise doing business in the State, not only industrial but mercantile. It covers banks as well as miners.

The CHAIRMAN. May I ask you whether you have been able to provide workmen's compensation on these work relief projects?

Mr. ESTILL. No, sir; we have felt that Federal funds could not be used for the payment of a workmen's compensation program.

The CHAIRMAN. How do you arrive at that conclusion?

Mr. ESTILL. Well, the State of West Virginia operates under the broad theory that Federal funds can not be used to finance local governmental responsibility. We do not see how it would be possible to use Federal funds for that purpose.

The CHAIRMAN. So you did not make any application for their inclusion in your grants?

Mr. ESTILL. No, sir.

Opportunities for employment during March and April are limited. In the calendar year 1932, the State road commission had available for new construction and maintenance \$14,152,340, according to the secretary of the commission. Road funds were available at the rate of approximately \$1,180,000 per month. The same authority now advises that for the whole period January 1 to July 1, 1933, the road commission will have available for both new construction and maintenance not more than \$2,000,000, or less than one-third the amount available for employment per month last year.

The CHAIRMAN. What will that do to your relief program in West Virginia if the amounts for roads are not augmented?

Mr. ESTILL. It will eliminate any semblance of a program because if private industry is unable to furnish any employment, and if the State is unable to furnish employment, there is absolutely no other source but the Federal Government.

In conclusion I would like to state that our relations with the Reconstruction Finance Corporation have been most friendly. We have found the officials of the corporation with whom we had to deal unfailingly kind and sympathetic, prompt to act on every request, and willing to render every assistance possible under the terms of the emergency relief and construction act of 1932.

The provisions of the Federal act should be broadened to allow the corporation or whatever agency may be charged in the future with the administration of relief funds, to formulate a progressive and constructive relief program on a nation-wide basis. Particularly should authority be given for providing medical and hospital care and adequate administration and supervision personnel. Finally, the period for which funds are made available should be lengthened to permit a long-range plan to be worked out and put into effect, and to wipe out the feeling of dread of both State and individual when forced to live a hand-to-mouth existence.

Our grants have been made for periods varying from four months to six weeks. It is impossible to secure a trained personnel. It is impossible to make any definite program; even the applicants who are receiving assistance live in that constant fear. We have just so much money, and when that is gone where are we going to turn?

The CHAIRMAN. And that has a demoralizing effect then, as I understand, not only upon the plans of administration so far as the State and local agencies are concerned, but it has had also a demoralizing effect upon the recipients of relief?

Mr. ESTILL. Yes, sir.

The CHAIRMAN. Has it been the general practice in West Virginia not to afford assistance excepting where the resources of the family have been practically reduced to zero?

Mr. ESTILL. Previously to the present crisis, Senator, the responsibility for any assistance in the way of pure relief has been placed upon the county court, and of course the work done by the county courts was supplemented by the community chest and associated charities. We have had a mother's pension act for a good many years. It has not been obligatory, and these grants are fairly generous.

The CHAIRMAN. How do they compare with the grants on the basis which you are now able to provide?

Mr. ESTILL. The mothers' pensions are about three times as large, and would provide, I believe, \$45 per month as against \$15 for a whole family under present conditions.

The CHAIRMAN. What in your judgment is the effect of putting a family unit through the process of attrition down to the point where they have exhausted their resources and exhausted their credit before they are able to secure relief.

Mr. ESTILL. It seems to me that you require them to be destitute before you give them a helping hand. You destroy them physically and they are destroyed morally as well, and you have a long-time job to put them back.

The CHAIRMAN. And you feel that that builds up a tremendous burden for the future in any effort to rehabilitate the family and the individuals?

Mr. ESTILL. Yes, sir; I think it gives you a long-time problem to solve, and it is much more costly, it costs a whole lot more to rehabilitate a family than it does to keep the family from going on the rocks.

The accidents on our work relief projects have not been particularly serious except with regard to two in which we had fatalities. All the other accidents have been minor. In these accidents we have

made the local community do what it could to take of the dependents. It seems to me that the men who are working on projects financed by the relief fund, should have some assurance that in case of death their dependants are to be taken care of as they would in the case of injury, not only during the period for which the relief program is effective, but as long as it is necessary.

The CHAIRMAN. Is there any indication of lowered resistance so far as the persons who have been injured on these programs are concerned?

Mr. ESTILL. Not particularly from this small group that have been injured but in numbers of cases it has been absolutely necessary to extend direct relief to applicants to build their bodies up before they can work, and also to furnish them with clothing before they could go to work. That has been true in thousands of cases.

The CHAIRMAN. What is the conclusion to be drawn from that statement?

Mr. ESTILL. That we have allowed them so to exhaust their reserves that they have nothing to live on any longer. You have got to build up what little they have got left before you can do anything at all. We just simply let them exhaust every resource they had, and they really had to exhaust everything before they could get any assistance.

The CHAIRMAN. That would seem to indicate that a continuation of this present standard or basis of relief is resulting in a great impairment of the ability of the persons who were subjected to the exigencies of this relief situation to perform a day's work?

Mr. ESTILL. That is true, sir, and I think that the longer we carry on on this same inadequate basis, or on the present inadequate basis, just so much longer are you sapping the strength of those receiving relief. You might keep a family for some time, a few months perhaps, on \$15 a month but it can not go on year after year.

The CHAIRMAN. And yet that is what is happening, I take it, in West Virginia?

Mr. ESTILL. Yes, sir.

The CHAIRMAN. Many of those families have been on this basis for how long?

Mr. ESTILL. Since last September, and of course even \$15 a month has been a decided improvement in a great many sections over what they were getting in the previous year. But it seems to me if we are going to base grants on what the county was able to do following the drought of 1930, and the economic distress of 1931 and 1932, we are going to penalize those counties that do not have a thing in the world, and we do have some such counties where there is not a single available resource.

The CHAIRMAN. Apparently there is grave danger that our much-vaunted mechanical skill will be impaired if the relief standard is permitted to remain on this inadequate basis?

Mr. ESTILL. I should think so. It seems to me such a conclusion is inevitable.

The CHAIRMAN. Have you made any estimate as to how much Federal money you will require in 1933?

Mr. ESTILL. Only for the first two months of the year; that is as far as we could make application, up to the 20th of February.

The CHAIRMAN. Am I to draw the conclusion that the corporation requires you to make your estimates in 2-month periods?

Mr. ESTILL. The first applications that were made were based on bulletin No. 1, sent out by the corporation, and indicated that the application could be made at the close of the calendar year 1932, and under that we made up our application blanks. For the year 1933 the corporation furnished its own application blanks and gave us space to make application for January and February. So it was the natural assumption that that was as far as the period would extend. I thought I had one of their applications with me, but I find I have not.

The CHAIRMAN. Have you any further data which you think would be helpful to this committee, Captain Estill?

Mr. ESTILL. I think not, sir; unless there are some further questions. I would like again to say that I think something should be done in this respect. I do not believe we should be required to carry compensation under the workmen's compensation department, but I do believe some arrangement should be made for payment to certain dependents of the man who is killed on the projects. Let that come out of the funds, whether local or Federal, allotted to certain counties, and perhaps based on the same rate as the State compensation commission rates.

The CHAIRMAN. The committee thanks you very much, Captain Estill.

Mr. ESTILL. I am very much obliged to the committee.

STATEMENT OF MISS ELIZABETH SMITH, STATE DEPARTMENT OF PUBLIC WELFARE, CHARLESTON, W. VA.

The CHAIRMAN. Miss Smith, please give your full name, address, and your position.

Miss SMITH. Elizabeth Smith, State Department of Public Welfare, Charleston, W. Va.

The CHAIRMAN. How long have you been connected with the department of public welfare?

Miss SMITH. I was loaned to the State of West Virginia, since October 15, and have been there during this time as field director in the northern part of the State.

The CHAIRMAN. You say you were loaned. What organization were you connected with prior to that time?

Miss SMITH. The West Essex Social Service, Caldwell, N. J., a private case work association.

The CHAIRMAN. Are you able to give the committee any additional information to that given by Captain Estill concerning the general situation in the northern counties in which you have been more directly associated with this problem of unemployment relief?

Miss SMITH. Well, I think, Senator, I have a few additional facts. For instance, the question is always coming up in regard to the use of the local resources in the States. In West Virginia for the month of November I took the county resources and State resources and private resources for relief—all its resources that were available without Reconstruction Finance Corporation funds. It would give us an average of \$1.94 per month per family.

The CHAIRMAN. That is all that the local, State, and private funds are able to provide?

Miss SMITH. Yes, sir, \$1.94 per family per month; although we have received an average for January and February of \$16 per month per family, our records for October, when we had an average of \$15 a month, show that the families received an average of \$10.65; for November an average of \$9.21, which represent the amounts of the case load, cutting into the R. F. C. grant. You see our case loads in the county have amounted far beyond our estimate so actually we could not give \$15 a month because we had these additional families to take care of.

The CHAIRMAN. In other words, because of the increased load you have had to spread this inadequate \$15 still thinner?

Miss SMITH. Yes, sir; still further.

The CHAIRMAN. What does that mean that the average family is receiving?

Miss SMITH. Well, for November we had to spread it, so that we were able actually to get into the families a State average of \$9.21 a month, for everything—food, clothing, and medical expenses.

The CHAIRMAN. That must mean that practically all of it is going for food.

Miss SMITH. That is what it means. We are doing our very best to try to get all of our relief money going into the families for food. Of course there is another problem that we have had and that is the problem of shoes.

The CHAIRMAN. What sort of diet can the average family provide on \$9 a month?

Miss SMITH. Very limited.

The CHAIRMAN. What does it consist of, largely?

Miss SMITH. Well, pork—white side.

The CHAIRMAN. That is pork?

Miss SMITH. Yes, sir, and beans.

The CHAIRMAN. Any butter?

Miss SMITH. No.

The CHAIRMAN. Any milk?

Miss SMITH. In some of the counties where we have had a most acute situation the Friends Service Committee is working under a plan to get milk into the worst places. We are attempting to get milk. We are trying to get cod-liver oil into our diets, but the whole question is that as to these families, we try to encourage them to place all their allowance for food. You will have to admit that there are some things that the family has to have other than food.

The CHAIRMAN. What have you in mind, clothing and shoes?

Miss SMITH. Clothing and shoes. Of course Captain Estill made a statement in regard to rents, and there is the problem of heat in a number of localities.

The CHAIRMAN. Are you providing any fuel?

Miss SMITH. We are trying to provide that without using our relief allowances, though we do have to buy it in extreme cases. We feel that we might as well let a family starve to death as let them freeze to death. In several of our counties the family has had cows, and they are having to get rid of the cows because there is no allowance made to feed the cows, thereby cutting off the milk supply from that source.

In some cases there have been little resources within the family. They were carrying on a garden program last year in the most desperate section, where it is almost impossible to have gardens.

The CHAIRMAN. You mean it is impossible because there is no tillable soil near those communities?

Miss SMITH. Yes, sir; and then, of course, there is the expense of providing cans, and other families have not the equipment to do the canning. Then there are the supplies for the families, such as bedding and furniture, and things like that that are urgent, and the conditions are made desperate.

The CHAIRMAN. You mean they are wearing out and they have no money for replacement?

Miss SMITH. Yes; I was told yesterday of one particular case where the mother has a hopeless case of T. B., with four children and one bed in the family, one bed in the house. We have no money with which to take that mother out of the home.

The CHAIRMAN. What is happening to the children on this diet of pork and beans?

Miss SMITH. Well, their resistance is being lowered and there is a complete breakdown of the family group, Senator. Then, too, we have the problem with regard to the children getting school books coming up all the time. Of course, they can not buy school books, and if a child has to go to school they need clothing in order to send them to school. It is a very difficult situation for the child to be without proper school books. I must say that I admire the ability of the teachers who are doing their best for the children in these days. They have a difficult job, but they are making the best of it. But from the child's point of view it is discouraging to know that the children are dropping out, the older group of boys and girls who ought to go back to school, though there is no work so that their parents would be glad to get them back to school.

Again comes the problem of books and of clothing. It is very difficult for the boy or girl of 16 to go to school in rags, you might say.

We had in one county two mothers who died in childbirth because they could not get medical attention. The county has not one cent of local resources. In that particular county I found yesterday that the number on relief was 5,240 out of a population in that county of 58,000.

The CHAIRMAN. Does that mean 5,000 families?

Miss SMITH. Five thousand family groups. I did not bring any figures of the nonfamily group, because I was especially interested in the family groups in another county.

The CHAIRMAN. What is the name of the first county?

Miss SMITH. Logan County. In Preston County, where we have a very acute situation, the case load has mounted far beyond what we estimated. We have an overdraft in 1933 for relief of \$9,000, and that overdraft is practically entirely for acute needs, and the present resources of that county are none. With that overdraft to come out of the 1933 allotment, it presents a very desperate picture in an attempt to do anything to hold those families together. In one county, just before we got the relief organized, there was a mounting number of desertions. I was told it was just the desperate,

hopeless feeling of the fathers; they could not find employment and they had figured that if they stepped out of the picture that perhaps something could be done for the family. I have checked constantly in that county and since we have been able to get relief, inadequate as it is, the desertions are decreasing. The problem of the boys from 17 to 21 is a problem because we are not able to allow any more than the food allowance, and then comes the question back again of the clothing and the extra things that they need.

The CHAIRMAN. What is the effect, in your judgment, of pauperizing these family units before they are eligible to receive any relief, inadequate as it may be?

Miss SMITH. That is going to take years and years of very intensive work, for those families, to bring them back to a self-respecting and self-supporting basis. It is a question in my mind whether we are not probably crushing some down to a point where we will never be able to bring them back to the point where they were. We are lowering the standard of living in the families that we have worked hard to bring up to the proper standard.

The CHAIRMAN. Can you give us any instances that are typical, showing the impact of this inadequate relief situation upon the family and the individuals in it?

Miss SMITH. I was able to gather hastily seven cases from Kanawha County records and asked for the superior type.

The CHAIRMAN. That is, those who are above the average?

Miss SMITH. Who are above the average families. There is 1 father who is permanently disabled and 1 child tubercular, and 6 other children, 4 of school age. The man has an excellent work record. They are above the average middle class, law-abiding, stable, and self-maintained until unemployment followed by ill health came. This family, now totally dependent, can receive only the minimum R. F. C. relief allowance of less than \$5 per week. No rent, gas for fuel, or light bills can be allowed. Only emergency clothing was bought. Gradually their standards of living are being lowered while the effect upon the health of the family is becoming a serious community problem. There is a noticeable deterioration in the home.

Another case—a man, woman, and one child 2 years old, and dependent parents. The mother is a paralytic. The wife is pregnant. They have a modest, well-kept home in a middle-class neighborhood. The man has been out of work for a year and the father out of work two years. The man had his own business as a painting contractor and at the time of application had done some work for his landlord, thus paying the rent for a few months ahead. He was entitled to two days work only at \$4.80 under R. F. C., which was not sufficient for his needs. Additional food, medical care, fuel, and so forth, were needed, yet could not be managed on the income. The standard of living in this family is above the average but is being lowered to that of a typical lower type family.

And the rest of them run in about the same trend.

The CHAIRMAN. Have you observed any indication of the effect of malnutrition on children?

Miss SMITH. Yes. It is very evident. No one, I think, will challenge that statement.

The CHAIRMAN. Is it widespread, would you say?

Miss SMITH. In the counties where the resources have been so low prior to the coming of the Federal relief you will find it very definitely.

We found cases of minor bruises with a serious infection, and consequently disability.

The CHAIRMAN. Indicating lowered resistance?

Miss SMITH. Yes. Of course, as Captain Estill has said, at our expense the State administration is requiring medical attention.

The CHAIRMAN. Are your additional cases in such shape that you could submit them for the record?

Miss SMITH. Yes, sir.

The CHAIRMAN. Will you please do so?

Miss SMITH. I will be glad to. I will give them to you:

Superior family, with unemployment only problem. Two children graduated from high school but out of work, one child in high school, and one in junior high. Family had savings and applied for relief only after everything had been exhausted. Work relief is the only income at present. This is not sufficient for more than food. Other expenses are getting behind and general living standard being lowered.

Man, woman, and four children. Very high type. Lovely children, well trained and doing well at school. The mother is careful, sensitive, and makes a real home. Family has been accustomed to good income when man lost job two years ago. Oldest child in high school, needing books, clothing, and incidentals. Other three children have needed complete clothing outfits this winter. The rent is falling behind, fuel bills piling up, while the economic pressure has become so great that the wife is nervous and showing signs of physical breakdown. This is a typical example of lowered morale through economic insecurity.

Man, wife, and 10 children. Very high type. One child has a serious heart condition, requiring special medicine and special diet. His condition is growing worse. Father is on work relief, maximum income \$7.20 weekly, which is not even adequate for food. Family moved to furnished rooms after losing their furniture and unless rent is paid they will be evicted. There is no allowance for clothing, or any needs except food. Another superior family whose standards of living are being lowered rapidly.

Man, wife, and five children, very superior type. Normal situation except for unemployment. Have moved to cheaper neighborhood and used every effort to get along without applying for relief. Man a sheet-metal worker with good references. Children very attractive, home well kept. Man on work relief but earns just enough for food. Eviction hangs heavily over the head of this family while other needs are accumulating weekly.

Man and wife, no children, living in furnished rooms. Wife pregnant. Living expenses at least \$5 per week, but work relief allows only \$2.40. Constant evictions and inability to provide proper care for wife are very discouraging to the man. Relief under R. F. C. is the only hope for this family until employment conditions improve.

I may also call your attention to the following letter:

—, W. Va., January 5, 1933.

Mr. GOVNER CONLEY: I wish you would write and let me know whether my boy — is entitled to that rode work or not, he is just naked and can't get any work an I am worken but I only get one day an that only just gives me a nuff to live on an don't give me a nuff to by me any close. My doter got me some close and sent then to mee or I cold not work on the counti of close. Please let me know write at once whether he is intitied to eany of that work or not he just wants a nuff to get him a overall suit and a pare of overshoes but tha won't request him nor let him work and the —, sais that this money is for that that is in neede and when a man is naked he is in need. Please let me know at once.

Yours very truley,

This from —, W. Va., he is 22 years olde but not married but stays with me.

These family situations are average ones in the county welfare department 5. There are many who come with standards higher and more of a much lower caliber. The most difficult problem in the administration of relief this winter is the lowering of standards of living to one level—a level below physical safety, with no consideration for other factors in the scheme of living.

Preston County has a population of 29,043. The number of families aided in December was 2,400 and the number of families aided in January was 2,674. The county has no resources. The value of the Red Cross clothing distributed was \$2,000.

Logan County has a population of 58,534. The number of families aided in December was 4,256 and the number of families aided in January was 5,240. The county has no resources. The value of the Red Cross clothing distributed was \$5,520. New applications are coming in at the rate of 100 per day.

Marshall County has a population of 39,825. The number of families aided in December was 2,500 and the number of families aided in January was 4,840. The county had resources of \$5,724.34; for January and February it has none. The value of Red Cross clothing distributed was \$6,234.

The CHAIRMAN. Thank you very much, Miss Smith.

The committee will now adjourn to meet on call of the chairman. (Whereupon, at 11.50 o'clock a. m., the committee took an adjournment to meet on call of the chairman.)

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COMMITTEE ON MANUFACTURES
UNITED STATES SENATE

SEVENTY-SECOND CONGRESS

SECOND SESSION

ON

S. 5125

A BILL TO PROVIDE FOR COOPERATION BY THE
FEDERAL GOVERNMENT WITH THE SEVERAL
STATES IN RELIEVING THE HARDSHIP
AND SUFFERING CAUSED BY UNEM-
PLOYMENT, AND FOR OTHER
PURPOSES

PART 2

FEBRUARY 2 AND 3, 1933

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III

FEDERAL AID FOR UNEMPLOYMENT RELIEF

THURSDAY, FEBRUARY 2, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee met pursuant to call of the chairman, at 10.30 o'clock a. m., in room 212, Senate Office Building.

Present: Senator La Follette (chairman) and Senator Costigan.

The CHAIRMAN. Mr. Raushenbush.

STATEMENT OF STEPHEN RAUSHENBUSH, DIRECTOR OF INDUSTRIAL RELATIONS, COMMONWEALTH OF PENNSYLVANIA

The CHAIRMAN. Please give your full name, address and position.
Mr. RAUSHENBUSH. My name is Stephen Raushenbush, director of industrial relations, Commonwealth of Pennsylvania, Harrisburg, Pa.

The CHAIRMAN. How long have you had that position?

Mr. RAUSHENBUSH. For the last year.

The CHAIRMAN. In connection with your work, have you had occasion to investigate wage trends?

Mr. RAUSHENBUSH. Yes, sir.

The CHAIRMAN. This subcommittee has been considering unemployment relief legislation, and I believe it would be helpful if you could give us a picture of what has been happening to wages, inasmuch as that has a direct bearing upon the unemployment relief problem; when wages become too low to provide subsistence, even persons who are employed must have their funds eked out by relief contributions. Please proceed in your own way to give us a picture of what has been happening to wage standards and employment generally in Pennsylvania.

Mr. RAUSHENBUSH. Mr. Chairman, I would like to do something more than present to you the rather miserable wage levels which exist in Pennsylvania. I would like to point out, if I may, their significance to your committee.

The CHAIRMAN. We would be very glad to have you do that.

Mr. RAUSHENBUSH. And to offer in that connection a series of three propositions, with evidence to support those propositions, rather than just conveying a picture of a horrible situation.

My first proposition is that Federal relief money should not be given in such way as to help tear down the economic structure. This is being done at present. The evidence in support of this proposition falls into a few simple heads. The reason Pennsylvania has been forced to ask for such large Federal grants can not be explained entirely by lack of a State income tax, or unusual dis-

tress in basic industries such as coal, steel, textiles, railroads or time-length of this distress in numerous coal counties, or the large number of 1,113,995 unemployed. It is largely due to an unusually low scale of wages, making it impossible for those employed to help the unemployed as fully as in other States. For instance, the average weekly earnings in manufacture in New York State are \$21.75; in Pennsylvania only \$14.83, a difference of practically \$7 a week. Pennsylvania ranks thirteenth on a list of the 14 Northern industrial States in manufacturing wages. Only New Hampshire is lower.

The CHAIRMAN. How do you account for that?

Mr. RAUSHENBUSH. Well, I do not know exactly how to account for it except that wage-cutting influences have been stronger in that State than in some other States. They have operated more drastically.

The CHAIRMAN. And have they been in operation longer, in your opinion, than in other Commonwealths?

Mr. RAUSHENBUSH. The drop in wages throughout the country has been most uneven. Wages have dropped a great deal less, for instance, in California, than in Pennsylvania.

My point here, Senator, is that Pennsylvania's employed in manufacturing have \$170,010,520 a year less to share with the unemployed relatives than the same number of workers in the first four States. (See Table 1.) The wage situation has not been gone into by the committee, yet it is as important to the relief problem and to economic recovery as the rate structure is to the daily operation of the railroads.

Mr. Chairman, I have here a table in which you might be interested, from the Monthly Labor Review, of January, 1933, showing the northern industrial States, straight across from New Hampshire to Wisconsin, and showing that the first four States, namely, New York, New Jersey, Michigan, and Delaware, averaged \$20.69. The next States, Ohio, Indiana, Massachusetts, Illinois, Maryland, and Connecticut, averaged \$17.04; Wisconsin and Rhode Island, \$15.68; while Pennsylvania and New Hampshire averaged \$14.66.

TABLE 1.—Average weekly wages in manufacturing—Northern Industrial States (November, 1932)

[From Monthly Labor Review, January, 1933]

New York	\$21.75
New Jersey	20.68
Michigan	20.52
Delaware	19.83
Average	20.69
Ohio	17.37
Indiana	17.22
Massachusetts	17.02
Illinois	16.95
Maryland	16.88
Connecticut	16.82
Average	17.04

Wisconsin	\$15.82
Rhode Island	15.54
Average	15.68
Pennsylvania	14.83
New Hampshire	14.49
Average	14.66

Now, the importance of this is that this \$5.83 weekly difference between the pay envelopes in the first four States—New York, New Jersey, Michigan, and Delaware—and in Pennsylvania means that weekly the 725,300 employees in manufacturing in Pennsylvania have \$4,250,258 less to share with the unemployed than the same number of employees in the first four States. On a 40-week year this is \$170,010,320.

My second point, Mr. Chairman, is that many of the substandard or sweatshop plants are, in effect, being subsidized by Federal, State, and private relief funds.

There are sweatshops in Pennsylvania paying women \$2 and \$3 for 54 hours' work exactly as there are in Connecticut. Miss Frances Perkins, labor commissioner of the State of New York, has just written an article, published in the Survey last month, pointing out that exactly the same situation prevails in New York. At a meeting last week of the officials of the various labor departments of the Northeastern States in Boston, to which I was a delegate, the labor commissioners of New Hampshire, Rhode Island, New Jersey, and Maryland, and other industrial States pointed out that exactly the same situation prevails there. The men's clothing industry in November, 1932, showed minors averaging \$3.31 a week, with 78 per cent getting under \$5 a week. The average for women was \$7.54, with 61.1 per cent getting under \$10 a week. Half the minors and women received less than \$3.31 and \$7.54, respectively. Nor is the \$3 wage the low level. Two days ago one of the factory inspectors came in and informed me that in a factory not far from York, Pa., women were working 54 hours and were getting \$1.08 a week.

That is so far the lowest we have had, except in some cases where the women did not even get paid. They are inveigled into working in the factories as learners, as the term goes. After they have supposedly learned the trade, they are discharged without any pay whatsoever to give way to other learners.

In the bituminous coal industry many miners never get ahead of paying their rent and food. In mines where there has been little work they stand almost no chance of ever paying off their debt for rent.

In a way, their condition is worse than that of the indentured servants who were brought here when the country was being populated. The indentured servants could work off their debt in a number of years, but, unless these debts are wiped off by the companies, some of the miners will probably never be able to pay them off, even if they work at the rate they are working now for the rest of their lives.

In restaurants and hotels, and also in department stores, we have found \$2 and \$4 wages.

My estimate is that of approximately 466,000 women now working in Pennsylvania (excluding teachers) there are 100,000 getting from \$2 to \$10 a week.

Perhaps my main point can be made somewhat clearer here by a quotation from a Pennsylvania newspaper published in the home of the clothing sweatshops. It puts the situation this way:

By taking advantage of the desperate need of those they employ the sweatshop owners have found, also, a means of dipping hands into the community's welfare chest and into the State's emergency relief fund (also the Federal Government's grants). The welfare funds, contributed by the people through gift and by tax means, must be used to help the sweatshop operator meet his pay roll. The wages he pays, insufficient to support life, must be supplemented by contributions from the welfare funds so that the worker may be kept alive and in condition to be of service to her employer.

May I read this very brief story from this newspaper? A woman, mother of two children, and whose husband was out of work and penniless, thought she could avoid the necessity of applying for relief from the welfare funds by getting herself a job in a local sewing factory. She got the job without any trouble but even after she had learned to do the work assigned her as rapidly and as well as the average worker, she found that the most she could earn was \$1.61 a week, working full time, nine and a half hours each day and a half day on Saturday.

For certain operations on garments she was paid but 1 cent a dozen, on others 2 cents and, at the most, 3½ cents a dozen.

One day she sewed 14 dozen garments for one certain operation and upon 14 dozen for another certain operation. For the first 14 dozen she received a cent a dozen, 14 cents, and for the second 14 dozen 2 cents a dozen, 28 cents. Her day's work, nine and a half hours, brought her 42 cents. Some days she was able to make but 15 and 18 cents by working nine and a half hours. A full week's work brought her \$1.61. In another week she received \$1.60.

Unable to support her husband and their two children upon \$1.60 a week, the woman was compelled to seek aid from relief funds and public money is now being used to feed her husband and her children and to provide her with the food necessary to keep her in sufficient health to work in her employer's shop.

I have here, also, in that connection, a letter from the president of one of our State colleges who is also chairman of his county emergency relief committee who made the same point with regard to some of the coal mines.

He said:

The operators of mines at ——— and ——— are operating their mines upon a wage basis that is virtually making slaves out of the miners. After they deduct rent, etc., there is nothing left for food. They are underselling all of the legitimate mining organizations of the county—in the towns of ——— and ——— practically all of these people are on the welfare association list because of the wages and deductions made.

The wages are often lower than the standard relief grant, \$4.

Since no one can live on such wages, the community helps the employer pay his wages—the Federal and State Governments subsidize, in such instances, low wages, and the employers who pay them.

This neglected fact is of importance to your committee in planning for distribution of Federal relief in such manner to do the most good and the least harm.

I think you understand my point—that we are actually subsidizing these sweatshops through Federal money.

The CHAIRMAN. How do you think that that could be remedied; by action of some character to lift the wage standards?

Mr. RAUSHENBUSH. I know of no other way to do it except by attaching a condition to the Federal relief grants. This subsidy is, in fact, supported by the attitude of many relief boards in refusing relief to anyone who refuses any kind of a job. This practice helps maintain the \$2 or \$3 a week wage, and the consequent subsidy.

May I read, in that connection, a clipping from the Johnstown Democrat concerning a strike in the western part of this State, which was lost by the men. The men tried to get back to work and were refused employment.

The statement in the paper goes:

Recently men who have been refused employment have endeavored to obtain relief. Nothing doing. They are told they are on strike and are not eligible for relief. But neither are they "eligible" for jobs. Surely the men are "eligible" one way or the other. Men who try to get their jobs back and fall are as much entitled to unemployment relief as anyone else. The fact they were once on strike can not properly be held against them forever.

You get the attitude of the relief board there, that if you refuse any kind of a job you can not get any relief. That is certainly evidence that \$2 and \$3 wages are supported by these actions of the relief board.

This same inspector I talked about who came into my office two days ago told me the story of an ex-service man in York who was getting \$3.50 relief. His wife went to work in the factory concerning which I read, and worked 54 hours a week and got \$1.60. The relief board immediately deducted the \$1.60 of his relief, leaving him only the remainder, and his immediate reaction was, "Well, then, my wife won't work." She stopped working and the relief given went back to \$3.50.

Such a subsidy is contrary to all our previous national endeavors to maintain a high standard of living through, for example, the tariff. We have at various times tried to subsidize high wages. Now, we are subsidizing, I think, for the first time in our history, low wages.

The first harmful effect of this subsidy is on the "good" employer—the man who wishes to compete on a level of living wages to his employees. He is either forced out of business or forced to cut wages—purchasing power. The exploitation of labor is made a competitive weapon. The fight is carried on behind skirts.

The second harmful effect may be upon the workers.

Governor Winant, by the way, has pointed this out, and you noted that the wages paid in his State are the lowest in all the Northern industrial States.

He said:

Men and women working part-time and even in some instances long hours are little better off in goods or money received than those applying for charity. The result is that more and more half-broken people are tempted to accept doles rather than earn wages.

The real harm of this Federal State subsidy to sweatshop employers lies in its destruction of purchasing power. It is not only continuously harmful to stable business, but makes a pick-up almost impossible.

The spiral of low wages—low prices has gone down far enough for us to know now that low prices do not necessarily mean a real revival.

Certainly, with regard to copper, coal, hosiery, shirts, and almost any other industry on which we have any statistical information of any reliability, it is clear that no matter how low prices go, under the present circumstances that does not necessarily induce any real revival, and, to the extent that low prices are dependent on low wages, that involves constantly lower purchasing power.

Statistically, as Professor Burns has pointed out, there is no reason why, if the downward spiral of low wages—low prices is allowed to continue, the time may not come when everyone is out of work.

Logically, there is no limit to that. Certainly, the cuts in purchasing power do result in putting more people out of work in our present situation. These facts are important to your committee because you have control of one of the means of preventing this continued destruction of purchasing power, through the way this \$500,000,000 fund is to be spent.

Your control is more important now because the growing destruction of purchasing power has not been slowed down by the means which were expected to slow it down. There is not sufficient public building at "the going rate" to do this. While Federal construction rose \$145,000,000 in 1932 over 1931, other public construction dropped \$1,552,000,000 during the same period. Secondly, the terrific surplus of labor has resulted in a peasant standard of wages and living in all except a few organized occupations. And while minimum living wage laws for women and children are being introduced in all the eastern industrial States the effect of those laws may not be felt for some time, depending upon when they are made effective.

These laws were recommended unanimously by the industrial commissioners of all the eastern industrial States with the hope of checking the downward spiral of competitive business activity and of living standards. The industrial commissioners were all agreed that here is a situation which is destroying not only business but destroying all standards of American livelihood we ever set up.

May I say in that connection that while some few of the commissioners have made surveys of some of the conditions in their individual States, and I am sure would be very glad to present them to you if they had an opportunity, it would seem to me, if you will allow the suggestion, that a survey covering the whole Nation might possibly be of far greater help in guiding your policies in a national way than these individual surveys, like the one in the clothing industry in Pennsylvania which I cited. That would certainly show that this situation is not confined to a few States, like Pennsylvania, but is in fact very widespread, and that legitimate business everywhere is being dynamited by these low wage shops which are, in effect, being subsidized by Federal and State money.

Probably there are not enough sweatshop employers in any State to defeat minimum wage bills at present. But at the end of another year of downward wages and prices there may be enough involuntary sweatshop employers to offer serious opposition to this law.

The CHAIRMAN. In other words, those who stay in business have got to meet the lower wage scales and unless a large percentage of the employers go out of business altogether, they will in another year, as you suggest, be on such a low level that they will have a community of interest with those whom we now call the sweatshop employers.

Mr. RAUSHENBUSH. Yes, exactly; through no wish of their own at all. The phrase you used about going out of business does not even protect the rest of the industry, because you see, sir, what happens: When a plant goes out of business, the plant is closed down for a while and then sold at a bankruptcy sale or a sheriff's sale. After some two-thirds of the capital investment is wiped off, then somebody else can purchase it and start without that capital claim, and in turn do his part in hurting the rest of the legitimate stable industries.

There is a danger that we may stabilize on a peasant level, with disastrous results for every industry in the Nation, unless you act in some manner in this matter in a national way. My argument in support of this rather startling contention is that, in Pennsylvania alone, about 400,000 families are getting habituated to a livelihood on a \$4 level. This is about one-sixth of the normal income necessary for the ordinary decencies of life. The National Industrial Conference Board recently pointed out that even on the \$24 level, which prevailed some years ago, there was hardly enough to go around and provide for contingencies.

At the present there is no prospect that the large industries in the State—coal or textiles, for example—will, through voluntary effort, be able to stabilize themselves on a higher level.

The voluntary share-the-work movement can not, even if successful, raise the purchasing power, although it might, if successful, retard wage cuts to some extent. Its tendency, however, would be to spread the low level and stabilize it.

I think probably that it is plain that if a man is working 40 hours or 60 hours, let us say, and getting \$20 a week, and is automatically cut to 30 hours and gets \$10 a week, you do in a way stabilize at that very low level.

The success of the sweatshops and substandard employers in driving women's wages down to \$2 for a legal working week of 54 hours is leading the way to still further acceptance of low-wage levels in other industries.

When wages are below the relief level—as \$2 is below \$4—there is no incentive to seek employment. The relief boards, which tend to refuse anyone relief who refuses a job, in fact tend to support a \$2 wage, or less.

The attitude of fixing work relief rates at a low minimum has had a lowering effect on wage levels, and may be expected to have that effect as long as work relief continues. Federal and State relief funds tend to operate to keep wages low by supporting sweatshop industries.

The information in our possession is that even when the business cycle turns upward there will be a large surplus of labor, because of industrial shifts and technological changes, with the result that wages will be depressed by this excess of labor supply over demand.

This excess has made a job priceless. It has practically destroyed, in actual fact, many legal rights intended to protect the workers—the right to be paid in cash, the right to be paid regularly, the right to use the courts. For instance, on this point, we have a situation in Pennsylvania where over \$300,000 in wages have not been paid, in money. The employees come to us and ask us to collect their wages for them. When we say to them, "You must go to a magistrate and bring suit, either civil or criminal," they say, "No, we can not afford to do that, we will lose our jobs." So, in a way the right to be paid in money is destroyed. The magistrates in turn say, "Before you bring suit you must pay the legal charges," \$3 or whatever it is. But, they do not have that \$3, with the result that in fact they do not have the right to use the courts. Legally, of course, they have, but in fact that whole thing has been destroyed. Then, of course, with this great surpluse of labor, the constitutional rights of free speech, association, and so forth, are in effect wiped out in most industries in most parts of the State. This development threatens a greater lag than usual in the upward rise of wages and purchasing power.

May I interrupt my argument there, for a moment, Mr. Chairman, to cite one instance that illustrates or illuminates this point.

The CHAIRMAN. Certainly.

Mr. RAUSHENBUSH. A letter came in from a worker in Cambria County—I tell the story not because it is rather horrible but it has a greater significance—the man wrote:

Believe it or not, I have had to borrow the three-cent stamp to mail this letter, and I have just come in from the back yard where I have buried a newborn child in a tobacco box. The doctor said my wife did not have enough to eat.

That is not the point of the story, though; the point is the man was "rich." He had \$400 owing to him from his employer, which is riches in these days. We went to him and said, "We will make your employer pay under the civil courts and, under the criminal court, pay a fine. When the man found out that that involved his appearance against the employer, he said: 'Well, no; of course not, because I have my home here; this is the only industry in this small town and my only chance of retaining my job is not to antagonize my employer.'" So, rather than bring suit, the things which happened to his wife and his child were allowed to happen. There were some 300 men in the same situation in the same plant.

The past failure of low wholesale and retail prices to produce a business revival holds no promise that they will now produce such a revival.

In short, there are a great many forces operating to force the country down to a peasant standard of living, and, unless a bottom level is fixed to the present process, these forces will operate to stabilize us there—to stabilize stagnation.

As you will recall, my first proposition was that Federal relief money should not be given in such a way as to help tear down the economic structure. This is being done at present.

My second proposition was: If it is to build up rather than to tear down the economic structure, Congress must devise a way to couple its relief grants with conditions of acceptance that will stop the sweatshop employers from existing on Federal subsidies. They should pay their own way or yield to those who can.

I have not allowed myself to become more definite as to the means by which you might do that. Certainly, several simple ways suggest themselves. One of them would be to insist that counties receiving relief should first see that those relief funds are not subsidizing any sweatshop employers in those counties. Another means might be that the goods purchased through Federal relief funds, either foodstuffs, canned goods, or shoes, or clothing should not be purchased from sweatshop employers who put others out of business through Government aid. You will, however, probably want to reach your own conclusions and recommendations about this.

I wish you would note that this proposition is in sharp contrast with the one earlier presented to your committee of subsidizing all industry's profits. That would subsidize a very small group—the stockholders. It might mean very low wages, a peasant level of purchasing power, the last thing anybody wants to keep. This, however, is a no-subsidy plan.

My third proposition is that there is a tradition for attaching such conditions to Federal grants. Such conditions have been attached to Federal grants involving highway construction and to Federal building construction work. In these instances the going rate was enough support to the wage structure. In Federal relief, however, if the ultimate objective of starting the business upturn is not to be forgotten, more than the going rate is necessary. In fact, the Reconstruction Finance Corporation has occasionally insisted on more relief than the States had intended to give.

It would seem to me that you have there a form of control which one might use. Although all of the labor departments in the Northern States are in a way trying to accomplish the same objective, through these minimum wage laws for women and minors, if your Federal relief fund is to operate in a way to aid the upturn of business rather than to keep holding it down, action must be taken on a national scale.

The CHAIRMAN. I would like to get your opinion whether or not the conditions shown by the survey you made in the clothing industry are typical of other industries.

Mr. RAUSHENBUSH. It is becoming more typical every day. There have been terrific wage cuts in textiles.

We know that department-store wages, and there are a great many girls employed in those, and restaurant wages have dropped terrifically.

We have seen, in one of the sweatshop areas in the State, women's wages go down rather rapidly from \$10 to \$2 and \$3. Men's wages followed down to 7 cents an hour. We see the tendency so clearly that we are willing to state with some emphasis that that is what is

happening. Of course, it is logical and common sense that it does, and should, happen. I would stick to the estimate that there are at least 100,000 women in that State living on a wage scale between \$2 and \$10. We run across very few \$12 wages now, and you know that even a \$12 wage, according to the budgets of the Women's Bureau here in Washington, is not a wage that allows for, say, any church expenditures. It is practically a subsistence level.

The CHAIRMAN. Thank you very much. The subcommittee will recess until to-morrow morning at 10.30 o'clock.

(Whereupon, at 11.05 o'clock a. m., the subcommittee recessed until to-morrow, Friday, February 3, 1933, at 10.30 o'clock a. m.)

FEDERAL AID FOR UNEMPLOYMENT RELIEF

FRIDAY, FEBRUARY 3, 1933

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON MANUFACTURES,
Washington, D. C.

The subcommittee met pursuant to call of the chairman at 10.30 o'clock a. m., in room 212, Senate Office Building.

Senator La Follette (chairman) presiding.

The CHAIRMAN. The subcommittee will come to order. Doctor Emerson, will you please give your full name, address, and your position.

STATEMENT OF DR. HAVEN EMERSON, PROFESSOR OF PUBLIC HEALTH PRACTICE OF COLUMBIA UNIVERSITY, COLLEGE OF PHYSICIANS AND SURGEONS, NEW YORK CITY

Doctor EMERSON. My name is Dr. Haven Emerson, 630 West One hundred and sixty-eighth Street, New York City, professor of health practice, in the College of Physicians and Surgeons, of Columbia University.

The CHAIRMAN. Doctor Emerson, have you seen the testimony which has been taken by this subcommittee on unemployment relief?

Doctor EMERSON. I have read the printed report of the hearings.

The CHAIRMAN. I feel that it would be helpful, in rounding out the subcommittee's study of this problem, to have you give us your reactions to the testimony, concerning unemployment relief and the standards and conditions that prevail. That is an aspect of the problem which has not heretofore been gone into by the subcommittee.

Doctor EMERSON. In reading the testimony, as printed, it was apparent that certain aspects of the health situation of the Nation as a whole were not dealt with in any detail. There is what appears to be an inconsistency between the testimony which has been presented to you by those closest to the social problems of relief, and the testimony which would have to be given from public records in the matter of the Nation's health. May I say, however, that in indicating rather unusual, or certainly unexpected, excellence of the health of the Nation as a whole, we are dealing with a figure which represents the average of 123,000,000 people, and it must be apparent that an average can not at the same time represent a dominant 80 per cent of the population in excellent health and a 20 per cent or less which may be disadvantaged by the economic condition, and so, in presenting what I have prepared to give here, the two things must be taken into consideration at the same time. The dominant picture of the country's health is determined by the well being of the 80 per cent of people, who, on the whole, have been living a more moderate

life than they did in periods of hectic prosperity, and, in the same period, a corresponding number of persons have been at so low a margin of living conditions that there is a hazard to health which is not expressed in the average or national death rates.

With that explanation, perhaps we could go ahead with this text:

Doctor EMERSON. It is true that the national health has never been so good as during the past five years, and it is certainly true that never in the history of the world have any 123,000,000 persons of as many races and such widely varying economic, cultural, and educational levels enjoyed such a degree of freedom from preventable forms of disease, or such a low death rate from all causes, and such good general status of nutrition and life expectancy. Never has the life expectancy of a child born in the United States been so favorable as it is at present.

All this is applicable and true to a greater degree for the years 1930, 1931, and 1932 than for any three years of previous record. Furthermore, in the year 1932 the general death rate, and the incidence and death rates for the important preventable diseases, which are recognized as giving reliable indices of the general status of sanitation and personal hygiene, have been lower than in either of the years 1930 or 1931 for the people of the United States.

The reasons for this excellent present health status of our people as a whole are many and complicated, but the major factors which have been in operation at some time at least during the past 30 years appear to have been (a) a great increase in material wealth which has resulted in the command by the great mass of our people of food, shelter, clothing, leisure, rest, and recreation of quantity and quality beneficial to health; (b) shorter hours of work and better pay for wage earners, permitting their families a better standard of living; (c) the application through education and through the medical and associated professions, individually and by official and nonofficial agencies, of the facts of medical science to the prevention of communicable diseases of many kinds, and to the rearing of children, the protection of motherhood, and control of many of the hazards of occupations; (d) restriction of immigration since 1914; must be considered an important element in our health status. Lastly (e) favorable climatic conditions and a freedom from serious epidemics of influenza.

The results of the continuous improvement of the health status of the Nation during the past 30 years are seen in several important characteristics of our population, such as fewer children, particularly under 5 years of age per 1,000 population, more persons over 45 years of age per 1,000 population than at any previous time, a greater life expectancy at all ages than at any previous time, a lower birth rate and lower general death rates than ever before in our history.

Among the factors contributing to the exceptionally favorable health situation during the past three years have been the reduction in the number of persons employed in the hazardous trades. Employment is at all times a serious cause of preventable disease and death, particularly in industries other than agriculture, lumbering, and other out-of-door physical occupations, the loss of life in a year of ordinary industrial activity in the United States being much of the same order as occurred in our armed forces during our period

of participation in the World War. With reduction in the number of persons employed and a diminution in the pressure for increased production and profits among those still at work, there has been a drop in the loss of life from accident and from disease and disability among that large fraction of our people usually but not at present employed.

A further important factor tending to improve health during the past three years has been the voluntary or enforced moderation in the manner of life as reflected in reduced consumption of luxury food and drink, less extreme forms of recreation and entertainment, less travel on the highroads for pleasure, and in general a quieter more restrained conduct of life among people of all economic levels.

The question which is insistent and must be answered is whether this unprecedented excellence of the national health as reflected in low death rates is due to a uniform well-being among all our people throughout the States and of all occupations and economic levels, or whether the good, improving and well-maintained health of perhaps 80 per cent of our people so dominates the situation that unfavorable, threatening, or actually deteriorating conditions of health among the 10 to 20 per cent of our population suffering from the extreme effects of unemployment and economic stagnation are masked in the average picture.

The evidence submitted to your committee with regard to the undernourishment of young and old among the dependents upon unemployment relief is adequate and convincing to anyone familiar with the picture of human sickness and its origins, in our cities at least.

While the nature of the public records of the distribution of undernourishment, of illness, of deaths, of disability of many kinds, both psychical and physical, does not permit an adequate statistical expression of the degree of disadvantaged health from which the unemployed are now suffering, and will probably continue to suffer to an increasing degree, it is clear from the experience of doctors, nurses, social workers, hospitals, dispensaries and agencies of relief, that the occurrence of preventable disease, of deteriorated resistance to certain diseases, such as tuberculosis, is as a matter of fact increasing selectively among the victims of unemployment, even though not to such a degree as to offset the favorable health status of the great majority of our people whose condition has been bettered rather than harmed by the experience of the past four years.

The particular problem which concerns your committee, as I conceive it and in fact is a cause of anxiety to all thoughtful persons of ordinary human instincts, is whether the quantity and quality of aid now being provided or to be counted upon for the next few years to relieve the unemployed and provide them with at least a minimum subsistence and health level permitting the maintenance of some semblance of a home for the family group, is in fact adequate and sufficient to prevent deterioration of physical and mental fitness and the development and spread of preventable disease. If we are to maintain the level of health for all our people which the great majority of our people have attained, and still maintain, and which is so great a national asset, if only in dollar terms of national wealth, there must be a more nearly sufficient

allowance through relief funds, not only for the three minimum requirements of human existence—food, shelter, and clothing—but for that fourth requirement of modern man and his family, medical and nursing care for prevention and treatment of disease.

As an example of what is believed to be an essential use of relief appropriations, let me refer to the law under which State funds are now used in the State and city of New York, authority being expressly given in the law for expenditures for medical and nursing care as well as for the material necessities of subsistence.

The present allowances for unemployment relief generally throughout the United States are too low to permit healthy growth of children, to maintain a reasonable degree of resistance to infections of various kinds, or to prevent deterioration of human stock, if long continued.

In addition to the use of Federal credit to provide States and cities with funds to supplement their own appropriations for relief in the usual sense of the term, for food, shelter, and clothing, there should be provision made whereby this proposed Federal aid to States could be extended in part to meet the necessary costs of medical and nursing care upon which the maintenance of health and the treatment of the sick depend.

If there is one activity of our civil government, Federal, State, and local, which has been unwisely limited by insufficient appropriations in the past, and is now actually threatened with extinction in large areas of our Southern States; and I should like to add also in some States such as Ohio and Oregon, other than in the South; and with reckless curtailment in many of our cities, little and big, it is that of health protection. The half dozen essential services of health departments upon which public health now depends in this country, must be maintained unimpaired, if we are to pass through our economic confusion without serious human loss. This is a burden properly borne by local government, with aid when necessary from State and Federal sources.

If public health services can be maintained, and relief funds for the unemployed are sufficient to provide adequate nourishment and shelter and medical and nursing care, there is no reason why we as a people should suffer any deterioration in health from the temporary through prolonged dislocation of balance between production and consumption, between goods or values created and the power to purchase and use them, now afflicting us.

It is my personal opinion, based upon familiarity with the testimony already presented to your committee and from personal study of sickness and death experience in this country that there is an urgent need for the Federal aid provided for in S. 5125, but that if provision were included in the law to permit the use of a portion of the proposed funds, to be allotted according to need, and to populations, to the several States, for medical and nursing care, for prevention and care of sickness, the benefits to be expected in terms of health of the families of the unemployed would be much increased.

Section 11 of the proposed law, it seems to me, needs liberalization to permit use of funds for medical and nursing care or service.

In support of the statements that I have made on the present status of national health, let me quote the following records from four population groups for the five years 1928 to 1932. I refer to the

population of the expanding birth and death registration areas of the United States;

The record of the industrial policy holders of the Metropolitan Life Insurance Co.;

The record of the population of the State of New York (including the city of New York);

And, the population of the city of New York separately.

I will leave these various tabulations with you.

The CHAIRMAN. They should be incorporated at the end of your statement.

Doctor EMERSON. The figures I wish to present deal first with the general death rate and, may I say, that for these four great population groups referred to, there is an absolutely consistent record, for the population as a whole, for the industrially employed, for the city of New York, and the rural and small city population of the State of New York.

The industrial population, as represented by millions of policyholders in the Metropolitan Life Insurance Co., and the cross section of the whole country, given by 97 per cent of this population in the registration area, show identical trends and identical evidence of good health.

This registration area and these other three, all of them, have shown a drop in the death rate for each of the five years under discussion.

The CHAIRMAN. In connection with the statement, that has been quoted a good deal, by Doctor Dublin concerning their industrial policyholders, is it not true that that fails to include the unemployed group?

Doctor EMERSON. There is an apparent fallacy in using the insured policyholders as giving information characteristic of all formerly employed persons. The unemployed must discontinue, or usually do discontinue, their premium payments, and from that moment cease to become the basis for the calculation of the rates, so that the Metropolitan record, quoted by Doctor Dublin, shows the favored group still employed but does not represent the condition of health in the unemployed group.

The CHAIRMAN. I presume you noticed from your review of the testimony, that in most communities two of the essentials which you mentioned in your statement, clothing and shelter, are receiving a very small percentage of the expenditures now being made for relief.

Doctor EMERSON. The insufficiency of present relief funds is obvious. If we use that relief only for the material subsistence of life, it becomes increasingly insufficient when we attempt to spread that over the minimum needs of shelter in most of the northern parts of the country, and for clothing for decency in any part of the country.

The CHAIRMAN. And, also, I was impressed with the fact that in many cases funds were still insufficient and that a mere subsistence ration, so to speak, was being provided in so far as food was concerned. What would you say of the effect of that, continued over long periods of time, upon health?

Doctor EMERSON. The evidence on that is not entirely conclusive because the resourcefulness of nutrition experts, the possibility of

healthy life in a great variety of diets is such that even in the Southern States, where, in the past, pellagra has been a common accompaniment of economic depression, we find that the occurrence of this disease has been cut almost in half because of the availability of the brewers' yeast which is now distributed to people exposed to the danger of pellagra by reason of their limited diet.

I do not believe we have evidence yet that purely from the nutritional point of view there has been any serious deterioration in the nutrition of children, although there are instances in our cities where people, from lack of knowledge of the use of foods, and the insufficiency of allowance to buy in the open market the foods they should have, has caused an increase of physical disability among little children and children up to school age.

The CHAIRMAN. Is it true that undernourishment, so far as children are concerned, is not likely to show itself immediately?

Doctor EMERSON. Children who are undernourished are more likely to develop tuberculosis and physical disabilities when faced with the exposures in an adult life or in occupation, and we look to the age of childhood to give us the first evidences of deterioration in human resistance and human vigor. Up to the present time those evidences are extremely difficult to obtain, even if they have occurred.

There are two kinds of evidence that are available. One of them is in the records of the Association for Improving the Conditions of the Poor in New York, where a record has been made of the children of chiefly tenement residents during periods of prosperity and also during the present unemployment, and, it would appear that there is among the children of the unemployed, i. e., continuously unemployed a deterioration in their weight and growth, although this does not yet express itself in an increase of disease or in the death rates.

The other one is the evidence which has been offered by Doctor Wynne, the health commissioner of New York City, to the effect that with the same physicians examining the children there has appeared to be an increase of malnutrition, or I should say underweightness on the part of the children in the public schools of the city. This is not of itself a necessary proof that those children will suffer from ill health in the future, but it makes us take notice that we are reaching the margin of safety. We have perhaps overstepped the margin of safety in reducing the food supply for some of the children of the unemployed.

One other indirect evidence is the decrease in the consumption of milk. We consider the consumption of milk to be the best single index in the dietary of children of the adequacy of their food supply, and there has been a noticeable reduction in the per capita consumption of milk in large industrial cities, where milk is the most important element of the general diet of children.

The CHAIRMAN. There were several other tables there which I would like to have you identify and insert in the record, Doctor.

Doctor EMERSON. The first one I refer to was that of the general death rate. That is the death rate from all causes per thousand of the population.

We have then the infant-mortality rate, deaths of infants under 1 year of age per thousand live births, and the situation there for the registration area and for New York State and City is also very favorable, so that, whereas the infant-mortality rate in New York

was 65.5 in 1928, it is now 50.9, the lowest of any large city in the world, we believe.

The tuberculosis death rate has fallen in all of the population groups. In New York City, for instance, from 69.1 in 1928 to 55.4 in 1932, the lowest rate we have ever had, and, as you will notice from the statement of Doctor Dublin, in the Metropolitan Life Insurance industrial experience there has been a drop of 9 per cent in the last 12 months.

We refer then to typhoid and paratyphoid fever, the so-called typhoid fever death rate, and in that there has been a reduction in all the population groups. We consider that that represents an index of the standard of sanitation, the environment of people, which has not been broken down. We still chlorinate our water supplies and provide for adequate sewage disposal, and while we do that, and the health departments are functioning, the typhoid fever rate will go down even with the unemployment situation.

The diphtheria death rate has dropped in all of the groups concerned, and there we are dealing with methods that are so reliable in the hands of the public-health authorities that we can expect that rate to continue at its present low level or fall.

The death rate from pneumonia has also fallen, in the city of New York, from 149.4 in 1928 to 108 per 100,000 of population, and we can see in that evidence of a good general standard of bodily resistance coupled with the further circumstance that we have not been subjected to an epidemic of influenza of importance in that period. The last one we had was in 1929 and this little one recently in December and January just passed.

Diarrhea and enteritis of little children we consider an index of the standard of living of adults and children and generally of bodily cleanliness and the disposal of human waste, and we find that the rate has been cut almost in half in these last 5 years, so that of the city of New York has been cut from 16.6 to 8.8, that is among children under 5 years of age, and, to give you a convenient form of reference for these particular several rates, I attach a chart giving you a graphic representation of the trends from 1928 to 1932 for these various death rates and for the birth rate.

The CHAIRMAN. That may be filed with the committee.

In your statement, Doctor Emerson, you made some reference to favorable climatic and weather conditions. Do you think that may be an important factor in the situation so far as influenza, for instance, is concerned, and pneumonia perhaps?

Doctor EMERSON. We do not know why influenza comes nor when to expect it, but we know that a gentle or mild weather during the winter in our northern industrial States always is reflected in a more favorable mortality from respiratory disease. If this had not continued for a 5-year period, we would perhaps ascribe more of this excellence to the climate alone, but there must be other factors. Climate can not be considered to bear upon the reduction of diphtheria or typhoid nor diarrhea and enteritis, or the general mortality as a whole. It can be considered to bear upon the pneumonia rate.

The CHAIRMAN. Doctor Emerson, have you any statistics on suicide?

Doctor EMERSON. Considering that suicide may reveal a tendency to a broken morale, or lack of sustained courage to meet the trials of life, one is inclined to use the suicide death rate per 100,000 as an index, but we find this curious thing, that in times of great prosperity suicide is likely to be as high or higher than it is in times of depression; that the feverish desire to attain wealth suddenly, appears to tend to a slack down of self-control, and then toward self-destruction as much as times of great depression, so that we have here the suicide rate in the Metropolitan Life Insurance Co. experience, where it has risen from 8.5 in 1928 to 10.8 in 1932.

In the State of New York it has risen from 16.6 in 1928 to 20.2 in 1932.

In the city of New York it has risen from 19.6 in 1928 to 21.9 in 1932.

I should like to call your attention to the fact, however, that in the year 1900 it was higher than in any of the last five years, namely 22.1 and that in a year of some depression, 1920, it was as low as 11, half the present figure, so that we must say from studying the suicide experience of the country that there is no consistent correlation between periods of depression and the suicide rate. Therefore, even though we feel the suicide rate has been rising in these years, that does not necessarily indicate any serious breakdown of morale in the country as a whole.

The other index to the general condition of morale or mental disease in the country is the admissions to the mental hospitals of the States, and, from the studies made by Mr. Pollock of the State Commission for Mental Hygiene of New York State, one can see there is no evidence during the last five years that there has been any increasing intensity of mental disease related to unemployment or economic depression.

The CHAIRMAN. One further question concerning these life insurance statistics, Doctor. Directing your attention to the fact that in many of these localities persons are required to be practically in a destitute condition before they are eligible to receive relief, it therefore follows that they have been forced to relinquish their life insurance, and it is a fair statement, is it not, to qualify those figures not only so far as their not being representative of the unemployed group, but of the entire group of persons who are on relief in most communities?

Doctor EMERSON. What you said is quite true. I had not thought of including that, but it is a factor which certainly bears upon the rate represented by the insured policy holders as compared to the condition which must prevail among those who had to sacrifice their policy before they became eligible for relief.

The CHAIRMAN. Thank you very much Doctor. The tabulations which you have presented will be incorporated in the record at this point.

The subcommittee is grateful to you for coming down and giving us the benefit of your analysis of the testimony. The subcommittee will stand adjourned subject to the call of the Chair.

(The tabulations presented by Doctor Emerson are herein printed in full as follows:)

TABLE 2.—The general death rate from all causes per 1,000 of the population

	1928	1929	1930	1931	1932
United States registration area.....		11.9	11.33	11.07	10.8
Metropolitan Life.....	8.7	8.9	8.4	8.5	8.3
New York State.....	13.1	13.1	11.7	11.6	11.3
New York City.....	11.6	11.3	10.8	10.9	10.3

TABLE 3.—Birth rate per 100,000 of the population

	1928	1929	1930	1931	1932
United States registration area.....		18.9	18.9	17.8	17.4
New York State.....	19.2	18.5	17.1	16.0	15.0
New York City.....	21.0	20.5	17.6	16.3	15.2

TABLE 3.—Infant mortality rate. Deaths under 1 year per 1,000 live births

	1928	1929	1930	1931	1932
United States registration area.....		68	64.6	61.7	62.9
New York State.....	65.1	60.6	58.3	57.3	53.1
New York City.....	65.5	58.5	57.2	55.6	50.9

TABLE 4.—Tuberculosis death rate (all forms), per 100,000 of population

	1928	1929	1930	1931	1932
United States registration area.....		76	71.5	68.2	63.9
Metropolitan Life Insurance Co.....	90.6	87.3	81.3	76.7	70.1
New York State.....	82.7	79.1	70.9	66.4	61.1
New York City (pulmonary).....	69.1	65.9	64.0	61.6	55.4

TABLE 5.—Typhoid and paratyphoid fever death rate per 100,000 of population

	1928	1929	1930	1931	1932
United States registration area.....		4.2	4.8	4.5	4.3
Metropolitan Life Insurance Co.....	2.7	2.4	2.4	2.4	1.7
New York State.....	1.8	1.4	1.2	1.2	.9
New York City.....	1.3	1.1	.9	1.1	.86

TABLE 6.—Diphtheria death rate per 100,000 population

	1928	1929	1930	1931	1932
United States registration area.....		6.6	4.9	4.8	4.2
Metropolitan Life Insurance Co.....	9.5	8.6	5.7	4.3	3.8
New York State.....	7.4	5.6	2.7	2.2	2.1
New York City.....	9.7	6.7	2.8	2.7	2.9

TABLE 7.—Death rate pneumonia (all forms), per 100,000 population

	1928	1929	1930	1931	1932
United States registration area.....		91.7	83.2	81.2	72.3
Metropolitan Life Insurance Co.....	72.8	74.6	62.7	62.1	56.8
New York State.....	134	131	102	106	96.6
New York City.....	149.4	138	116	131	108

TABLE 8.—*Diarrhea and enteritis death rate*

	1928	1929	1930	1931	1932	Remarks
United States registration area.....	17.9	19.6	12.4	11.7		Deaths under 2 years of age per 100,000 population.
Metropolitan Life Insurance Co.....	8.7	7.9	8.0	5.9	4.6	Deaths all ages per 100,000 insured.
New York State.....	13.8	11.9	11.3	8.7	6.4	Deaths under 2 years per 100,000 population.
New York City.....	16.6	13.5	15.7	10.7	8.8	Deaths under 5 years per 100,000 under 5.

TABLE 9.—*Suicides per 100,000 population*

	1928	1929	1930	1931	1932	1900	1904	1910	1914	1920	1924
United States registration area.....	14.0	15.6	16.8								
Metropolitan Life Insurance Co.....	8.5	8.7	10.0	10.2	10.8						
New York State.....	16.6	18.2	18.6	19.3	20.2						
New York City.....	19.6	20.7	18.3	21.1	21.9	22.1	16.4	17.6	18.1	11	15.9

The CHAIRMAN. I am submitting for insertion in the record at the conclusion of this morning's testimony two tables to supplement the testimony given by Miss Edith Abbott on January 7, and a statement showing relief legislation enacted by Congress during the years 1803 to 1931.

SUPPLEMENTARY TABLES SUBMITTED BY MISS ABBOTT

The following tables were submitted by Miss Edith Abbott to supplement her testimony of January 7.

Table 10 summarizes the proportionate importance of certain specified items in the total relief expenditures by Chicago agencies in 1928, 1931, and 1932. It shows a striking increase in the percentage of food relief, accompanied by a corresponding reduction in the proportion of expenditures for rent, and for cash grants and miscellaneous purposes.

TABLE 10.—*Per cent of total relief expended for specified items (from Statistical Bureau, Chicago Council of Social Agencies)*

	United Charities, 1928	Jewish Social Service Bureau, 1928	Joint emergency relief stations, December, 1931	All relief agencies, October, 1932 ¹	All relief agencies, November, 1932 ¹
Food.....	29.2	38.7	52.5	79.7	80.5
Rent.....	27.7	28.1	27.9	2.9	2.0
Fuel.....	11.1	5.9	18.5	9.8	12.1
Clothing and household furnishings.....	2.4	3.4	.6	4.5	3.8
Cash grants and special work.....	23.1	21.6		1.5	1.0
Miscellaneous.....	6.5	2.3	.5	1.4	.6

¹ Including the 5 major private agencies and Central Charity Bureau the two divisions of the Cook County Bureau of Public Welfare, United Charities, Catholic Charities, Jewish Social Service Bureau, Salvation Army, American Red Cross.

Table 11 summarizes by months the number of evictions in Chicago from December 1, 1931, to November 30, 1932, according to the social service department of the Chicago Renters' Court.

TABLE 11.—*Evictions in Chicago*

[From social service department, renters' court]

	December	January	February	March	April	May	Total, 6 months	June
Families from judge to social service.....	1,026	1,115	823	845	651	618	5,078	810
Known to relief agencies.....	832	903	696	720	577	516	4,246	674
Total children in families.....	2,781	3,086	2,608	2,824	2,120	2,039	15,438	2,435
Total evictions paid for.....	133	252	330	499	526	445	2,185	483
Actual evictions made.....	47	177	233	209	254	331	1,351	453

	July	August	September	October	November	Total, 6 months	Total, year
Families from judge to social service.....	864	606	681	639	511	4,111	9,189
Known to relief agencies.....	684	498	571	440	331	3,198	7,444
Total children in families.....	2,671	1,716	1,817	1,453	985	11,077	26,515
Total evictions paid for.....	395	503	506	335	335	2,666	4,851
Actual evictions made.....	372	612	423	219	181	2,200	3,611

¹ During these 6 months the bailiffs went out to evict 1,804 families but found that 265 families had been moved and 188 families had made satisfactory arrangements to remain where they were. This reduced the evictions to 1,351.

RELIEF LEGISLATION, 1803 TO 1931

Statement showing appropriations and relief legislation provided by Congress for the relief of sufferers caused by earthquakes, floods, fires, and other disasters during the fiscal years 1803 to 1931, inclusive

Date of act	Statute volume	Reference page	Purpose of relief	Amount appropriated
FOREIGN				
May 8, 1812	2	730	Citizens of Venezuela who have suffered from earthquake.....	\$50,000.00
Mar. 3, 1847	9	207	Authorizing use of U. S. S. Macedonian and Jamestown in transporting provisions for the famishing poor of Ireland and Scotland.....	
Feb. 10, 1871	16	596	Authorizing use of naval vessels to transport supplies to the destitute and suffering people of France and Germany.....	
Feb. 25, 1880	21	303	Secretary of Navy authorized to use naval vessels to transport contributions of supplies to the suffering poor of Ireland.....	
Feb. 19, 1897	29	701	Secretary of the Navy authorized to transport contributions of supplies to the famishing poor of India.....	
Apr. 7, 1897	30	219	Destitute American citizens in Cuba.....	50,000.00
May 24, 1897	30	220	Secretary of War authorized to charter and employ vessels of any nationality to convey relief contributions of supplies to the famishing poor of India.....	
June 1, 1897	30	220	To provide assistance to the inhabitants of Cuba, and arms, munitions and military stores to the people of the Island of Cuba.....	
May 18, 1898	30	419	Subsistence supplies to be issued to inhabitants of the Island of Cuba who are destitute.....	100,000.00
Mar. 3, 1899	30	1069	Citizens of French West Indies (Martinique).....	200,000.00
May 13, 1902	32	198	Sufferers from earthquakes and fire, Island of Jamaica, (clothing, food etc., from naval stores provided).....	
Jan. 18, 1907	34	850	Sufferers from earthquake in Italy.....	800,000.00
Jan. 5, 1909	35	584	Sufferers from earthquake in Costa Rica (tents, blankets, etc., provided by Army, Navy, and Panama Canal).....	
May 13, 1910	36	367	Sufferers from famine in China.....	50,000.00
Feb. 18, 1911	36	919	European food relief.....	100,000,000.00
Feb. 26, 1919	40	1161		

FEDERAL AID FOR UNEMPLOYMENT RELIEF

Statement showing appropriations and relief legislation provided by Congress for the relief of sufferers caused by earthquakes, floods, fires, and other disasters during the fiscal years 1803 to 1931, inclusive—Continued

Date of act	Statute volume	Reference page	Purpose of relief	Amount appropriated
FOREIGN—continued				
Mar. 20, 1922	42	460	European flood relief. (Act of February 25, 1919, provides for furnishing food and other urgent supplies as may be determined upon by the President to populations in European countries contiguous thereto, outside of Germany, German-Austria, Hungary, Bulgaria and Turkey, and in Turkish Asia Minor. That expenditures thereunder shall be reimbursed so far as possible by the Governments or the peoples to whom relief is furnished. (Foreign obligations acquired from the American Relief Administration on account of this relief amounted to \$84,093,963.55). Populations in Europe and in countries contiguous thereto suffering for want of food. (Act authorizes U. S. Grain Corporation to sell flour in its possession not to exceed 5,000,000 barrels for cash or on credit to carry out the purposes of this act. Foreign obligations acquired from U. S. Grain Corporation on account of this relief amounted to \$56,858,802.49).	\$107,746.17
Mar. 30, 1920	41	548	Distressed and starving people of Russia. (Act authorized the President to expend a sum not exceeding \$20,000,000 out of the funds of the U. S. Grain Corporation for the purchase of corn, etc.) Distressed and famine-stricken people of Russia. (Act authorized the President to transfer certain medical supplies, in an amount not to exceed \$4,000,000 original cost to the United States out of the surplus supplies of the War and other departments of the Government)	
Dec. 22, 1921	42	351	Relief of American citizens and their relatives, Smyrna victims	200,000.00
Jan. 20, 1922	42	357	Sufferers from earthquake in Japan in 1923: (Act approves action of the Executive in directing issue and payment for Army supplies and all other expenditures of a value not exceeding \$6,017,069.03).	
Sept. 22, 1922	42	1051	Near East Relief (Inc.): Cancellation of claim against, in sum of \$632,609 with interest, for United States property sold in 1919 to Near East Relief for relieving and supplying needs of peoples of countries involved in late war.	
Feb. 24, 1925	43	963	DOMESTIC	
May 29, 1928	45	2013	Sufferers from fire at Portsmouth, N. H., given extension of time within which to discharge their bonds given for customs duties.	
Feb. 19, 1903	6	49	Sufferers from fire at Norfolk, Va., given extension of time within which to discharge their bonds given for customs duties.	
Mar. 19, 1904	6	53	Authority to locate a like quantity of public land was granted to persons having lands in the county of New Madrid, Missouri Territory, which were injured by earthquakes on the 10th of November, 1812.	
Feb. 17, 1815	3	211	Sufferers from fire at Alexandria, Va.	20,000.00
Jan. 24, 1927	6	356	Sufferers from fire in New York City given extension of time within which to discharge their bonds given for customs duties.	
Mar. 19, 1836	5	6	Sufferers from fire at Portland, Me. Imports for relief of sufferers to be free of duty.	
July 27, 1866	14	304	Internal-revenue taxes, prior to July 5, 1866, may be suspended to persons who suffered material loss by such fire.	
Do.....	14	369	Sufferers from fire at Chicago, Ill. Imports for relief of sufferers to be free of duty. Internal Revenue taxes, prior to Oct. 9, 1871, may be suspended to persons who suffered material loss by such fire.	
Apr. 5, 1872	17	51	Sufferers from overflow of Mississippi River. President authorized to issue supplies of food and clothing.	
Apr. 23, 1874	18	34	Purchase of food.	190,000.00
May 13, 1874	18	45	do.	400,000.00
June 23, 1874	18	230	(Authority granted to use said funds for the relief of destitute people upon the Tennessee River, if necessary, from recent overflow.)	

FEDERAL AID FOR UNEMPLOYMENT RELIEF

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Statement showing appropriations and relief legislation provided by Congress for the relief of sufferers caused by earthquakes, floods, fires, and other disasters during the fiscal years 1803 to 1931, inclusive—Continued

Date of act	Statute volume	Reference page	Purpose of relief	Amount appropriated
DOMESTIC—continued				
June 25, 1875	18	303	Sufferers from grasshopper ravages: Special distribution of seeds.	\$30,000.00
Feb. 10, 1875	18	314	Issue of food and clothing.	150,000.00
May 4, 1880	21	306	Secretary of War authorized to send 4,000 rations to sufferers from cyclone at Macon, Miss.	
Apr. 11, 1882	22	44	Purchase and distribution of seeds in localities overflowed by the Mississippi River.	20,000.00
Feb. 25, 1882	22	378	Rations for persons rendered destitute by overflow of Mississippi River.	100,000.00
Mar. 21, 1882	22	379	do.	150,000.00
Apr. 1, 1882	22	379	do.	100,000.00
Mar. 11, 1882	22	378	Transportation and distribution of rations and supplies to sufferers by overflow of Mississippi River.	15,319.47
Feb. 12, 1884	23	267	Sufferers from overflow of Ohio River and its tributaries.	300,000.00
Feb. 15, 1884	23	268	do.	200,000.00
Mar. 27, 1884	23	269	Sufferers from overflow of Mississippi River and its tributaries: Authority to use unexpended balance of \$125,000 of appropriation for "Sufferers from overflow of Ohio River, etc." approved Feb. 15, 1884.	
June 7, 1884	23	273	Authorizes transfer of unexpended balance, amounting to \$45,500 from appropriation for "Sufferers from overflow of Ohio River, etc.," approved Feb. 12 and 15, 1884.	
Mar. 31, 1890	26	33	Tents for sufferers from floods in Arkansas, Mississippi, and Louisiana.	25,000.00
Apr. 3, 1890	26	670	Authority to hire boats from appropriation for "Improvement of the Mississippi River" to rescue Mississippi River Valley flood sufferers.	
Apr. 25, 1890	26	671	Sufferers from overflow of the Mississippi River and its tributaries.	150,000.00
Sept. 1, 1890	26	679	Citizens of Territory of Oklahoma, rendered destitute by drought: Unexpended balance amounting to \$44,800 of the appropriation made for "Relief of sufferers from overflow of the Mississippi River, etc.," approved Apr. 25, 1890, made available.	
Mar. 24, 1897	30	216	Tents for sufferers from floods in Mississippi River, etc.	8,167.52
Apr. 7, 1897	30	219	Sufferers from overflow of Mississippi River, etc.	200,000.00
Dec. 18, 1897	30	226	People in mining regions of Alaska.	200,000.00
Mar. 3, 1903	32	1,129	Distress in the Philippine Islands.	3,000,000.00
Apr. 19, 1906	34	827	Sufferers from earthquake and conflagration on the Pacific Coast (San Francisco).	1,000,000.00
Apr. 24, 1906	34	828	do.	1,500,000.00
May 11, 1908	35	572	Sufferers from cyclone in certain Southern States.	250,000.00
May 9, 1912	37	633	Sufferers from floods in the Mississippi and Ohio Valleys.	1,239,179.65
Aug. 26, 1912	37	601	do.	4,500.00
Aug. 2, 1912	37	1,286	Sufferers from flood in Allegheny River in 1907.	17,577.88
Aug. 26, 1912	37	597	Sufferers from volcano, Kodiak, Alaska.	30,000.00
Nov. 15, 1913	38	240	Sufferers from storm in Northern Bering Sea (unexpended balance of \$2,455.52 from the \$30,000 appropriation of Aug. 26, 1912, from Kodiak, Alaska, made available for this relief).	
Oct. 22, 1913	38	211	Flood sufferers in Middle West (to reimburse life saving service for amount expended for rescue and relief work).	5,000.00
Do.....	38	215	Sufferers from floods, tornadoes and conflagrations in the Mississippi and Ohio Valleys, etc.	654,448.49
Do.....	38	216	Flood sufferers in Ohio and Indiana and on the Ohio and Mississippi Rivers and tributaries.	130,940.30
Do.....	38	216	Mississippi Valley flood sufferers, 1913. (Authorization for credit in accounts of certain river and harbor appropriations for expenditures amounting to \$34,192.35. Action of the President in directing issue of surplus medical supplies to the amount of \$8,239.40 ratified.)	
Aug. 1, 1914	38	681	Sufferers from fire, Salem, Mass.	200,000.00
Do.....	38	637	Sufferers from flood in Ohio Valley in March, 1913, to be relieved from paying rental on leased Government property on Muskingum River.	
Feb. 15, 1916	39	11	Authorizing Secretary of War to loan, lease or use quartermaster's and medical supplies for relief of destitute persons in districts overflowed by Mississippi River and tributaries.	
Apr. 11, 1916	39	50	Authorizing Secretary of War to supply tents for temporary use of sufferers from recent conflagration in Paris, Tex.	

Statement showing appropriations and relief legislation provided by Congress for the relief of sufferers caused by earthquakes, floods, fires, and other disasters during the fiscal years 1803 to 1931, inclusive—Continued

Date of act	Statute volume	Reference page	Purpose of relief	Amount appropriated
DOMESTIC—continued				
July 14, 1916	39	359	Relief of destitute American citizens in Mexico.	\$300,000.00
July 17, 1916	39	364	Creation of Federal Farm Loan Bureau, and Federal land banks to provide capital for agricultural development; \$9,000,000 appropriated for subscriptions to capital stock.	9,000,000.00
Aug. 3, 1916	39	434	Flood sufferers in certain Southern States.	540,000.00
Aug. 24, 1916	39	534	Flood sufferers in West Virginia. (Appropriation of \$540,000 of Aug. 3, 1916, made available.)	
Jan. 18, 1918	40	431	Amends section 32 of Farm Loan Act of July 17, 1916, and provides appropriation of \$200,000,000 for purchase of farm loan bonds by Treasury.	200,000,000.00
Mar. 3, 1921	41	1,347	Purchase of seed grain for drought-stricken areas; Secretary of Agriculture authorized, for crop of 1921, to make advances or loans to farmers; \$2,000,000 provided for carrying out purpose of act under title "Farmers' Seed-Grain Loans, 1921 and 1922."	2,000,000.00
Mar. 20, 1922	42	456	Sufferers from storm and flood at Corpus Christi, Tex., and vicinity. (Act approved action of the Executive in directing issue of Army supplies and payment for services, etc., to a value not exceeding \$32,838.15.)	
Do.....	42	467	Purchase of seed grain for crop-failure areas; Secretary of Agriculture authorized, for crop of 1922, to make advances or loans to farmers; \$1,500,000 provided for carrying out purposes of act under title "Farmers' Seed-Grain Loans, 1922 and 1923."	1,500,000.00
Apr. 26, 1924	43	110	Secretary of Agriculture authorized, for spring and fall planting of 1924, to make advances or loans to farmers in drought-stricken areas of New Mexico; \$1,000,000 provided for carrying out purposes of act under title "Farmers' Seed and Feed Loans, New Mexico, 1924 and 1925."	1,000,000.00
Mar. 3, 1925	43	1252	Sufferers from cyclone at Lagrange and at West Point, Ga., and vicinity, March, 1920. (Act approved action of Secretary of War in directing issue of Quartermaster's stores and payment for transportation to the value of \$8,548.27.)	
Mar. 4, 1925	43	1285	Sufferers from fire at New Bern, N. C., in Dec., 1922. (Act approved action of Secretary of War in directing issue and payment for Army stores and transportation of same to the value of \$10,575.58.)	
Do.....	43	1286	Sufferers from cyclone in northwestern Mississippi in Mar., 1923. (Act approved action of War Department in directing issue of Quartermaster's stores not exceeding value of \$4,382.33.)	
Feb. 9, 1927	44	1065	Sufferers from floods in the vicinity of Fabens and El Paso, Tex., in August and September, 1925. (Act approved action of War Department in issuing Quartermaster's stores of a value not exceeding \$936.62.)	
Feb. 14, 1927	44	1097	Sufferers from fire in Astoria, Oreg., in December, 1922. (Act approved action of the adjutant general of the State of Oregon in issuing military reserve stores of the Army and allowing credit for such supplies by the War Department of a value not exceeding \$1,778.80.)	
Feb. 25, 1927	44	1245	Secretary of Agriculture authorized, for crop of 1927, to make advances or loans to farmers in drought and storm stricken areas of Northwestern States and cotton States. (Act authorized an appropriation of \$8,600,000, but no appropriation was made for carrying out purposes of act.)	
Feb. 28, 1927	44	1251	Loans to owners of crops and livestock damaged or destroyed by hurricanes in State of Florida during September, 1926. (Act approved action of Secretary of Agriculture in using not exceeding \$253,000 of appropriation for eradication of foot-and-mouth disease for purpose of making loans.)	
Mar. 23, 1928	45	359	Flood relief, Mississippi River: For reimbursement of funds contributed by local interests to the Mississippi River Commission and used for emergency levee construction and repair work on the lower Mississippi River on account of the flood of 1927.	1,500,000.00

Statement showing appropriations and relief legislation provided by Congress for the relief of sufferers caused by earthquakes, floods, fires, and other disasters during the fiscal years 1803 to 1931, inclusive—Continued

Date of act	Statute volume	Reference page	Purpose of relief	Amount appropriated
DOMESTIC—continued				
May 16, 1928	45	570	Flood relief, Vermont (\$2,654,000), New Hampshire (\$653,300), and Kentucky (\$1,889,994), for restoration of roads and bridges.	\$5,197,294.00
Jan. 26, 1928	45	53	Flood relief for devastated farm lands in flood areas: Authorization of \$500,000 under act Jan. 26, 1928, and appropriation of \$400,000 provided by act May 16, 1928.	400,000.00
May 16, 1928	45	543	Unexpended balance under foregoing appropriation of Jan. 26, 1928, made available for expenditure during fiscal year 1930.	
June 13, 1929	46	8	Loans to farmers in storm and flood-stricken areas: Southeastern States: Authorization of \$6,000,000 under Public Resolution No. 92, Feb. 25, 1929, and appropriation of this amount provided under second deficiency act Mar. 4, 1929, for making loans; certain provisions extended under Public Resolution No. 2, May 17, 1929.	6,000,000.00
Feb. 25, 1929	45	1306	Flood relief, Missouri (\$258,418), Mississippi (\$628,000), Louisiana (\$967,582), and Arkansas (\$1,800,000), for restoration of roads and bridges.	3,654,000.00
Mar. 4, 1929	45	1635	Puerto Rican Relief Commission: Public Resolution No. 74, Dec. 21, 1928, authorized appropriation of \$6,000,000 for loans, \$2,000,000 for rebuilding and repairing school houses and roads, \$100,000 for seeds and seedlings, and \$50,000 for administrative expenses.	
May 17, 1929	46	3	Provided appropriations under foregoing authorizations, as follows: Loans, \$5,000,000; school houses, and roads, \$2,000,000; seeds, \$100,000; administrative expenses, \$50,000.	7,130,000.00
Feb. 28, 1929	45	1381	Provided additional appropriations for administrative expenses.	20,000.00
Dec. 21, 1928	45	1067	Provided additional appropriation for loans.	1,000,000.00
Mar. 4, 1929	45	1609	Puerto Rican Relief Commission: Public Resolution No. 33, Jan. 22, 1930, authorized further appropriations of \$1,000,000 for loans, and \$2,000,000 for school houses and roads.	
Do.....	45	1627	Provided appropriation under foregoing authorization for loans.	1,000,000.00
Apr. 19, 1930	46	240	Provided appropriation under foregoing authorization for school houses and roads.	1,000,000.00
Jan. 22, 1930	46	57	Federal Farm Board: The agricultural marketing act, June 15, 1929, sec. 6, authorized an appropriation of \$300,000,000 as a revolving fund to be administered by the board as an aid to agriculture.	
July 3, 1930	46	865	For carrying into effect the provisions of the agricultural marketing act, cited above, revolving fund.	150,000,000.00
Feb. 23, 1931	46	1367	do.	100,000,000.00
June 15, 1929	46	11	do.	100,000,000.00
June 18, 1929	46	28	Loans to farmers in storm, flood, and drought stricken areas: Authorization of \$7,000,000 under Public Resolution No. 47, Mar. 3, 1930, and appropriation of \$6,000,000 of this amount provided under first deficiency act Mar. 26, 1930, for making loans; certain provisions extended under Public Resolution No. 67, Apr. 24, 1930.	6,000,000.00
Mar. 26, 1930	46	93	Flood relief, Alabama, for restoration of roads and bridges: Authorization of \$1,660,000 under act Mar. 12, 1930, and appropriation of this amount provided under first deficiency act Mar. 26, 1930.	1,660,000.00
Dec. 22, 1930	46	1033	Flood relief, Georgia: Act authorized an appropriation of \$506,067.50 for restoration of roads and bridges.	
Feb. 23, 1931	46	1361	Flood relief, South Carolina: Act authorized an appropriation of \$805,561 for restoration of roads and bridges.	
Mar. 3, 1930	46	78	Provided an appropriation to cover the authorizations under the 2 foregoing items.	1,311,628.50
Mar. 26, 1930	46	99	Emergency fund for flood control or tributaries of Mississippi River: For rescue work and for repair or maintenance of flood control work or any tributaries of the Mississippi River threatened or destroyed by flood.	400,000.00
Apr. 24, 1930	46	254		
Mar. 12, 1930	46	84		
Mar. 26, 1930	46	100		
May 27, 1930	46	386		
June 2, 1930	46	489		
July 3, 1930	46	872		
May 28, 1930	46	463		

Statement showing appropriations and relief legislation provided by Congress for the relief of sufferers caused by earthquakes, floods, fires, and other disasters during the fiscal years 1803 to 1931, inclusive—Continued

Date of act	Statute volume	Reference page	Purpose of relief	Amount appropriated
DOMESTIC—continued				
June 18, 1930	46	777	Relief of State of Florida from responsibility and accountability for quartermaster property approximately \$1,117.64, property of War Department, lost or destroyed in relief work incident to hurricane of September, 1928.	
June 28, 1930	46	829	Relief of State of Vermont from responsibility and accountability for quartermaster property, approximately \$1,758.87, property of War Department, lost or destroyed in relief work incident to flood of November, 1927.	
Dec. 20, 1930 Jan. 15, 1931	46 46	1032 1039	Loans to farmers in the drought and storm-stricken areas of the United States, emergency relief. Authorization of \$45,000,000 under Public Resolution No. 112, Dec. 20, 1930; and appropriation of this amount provided under Public Resolution No. 114, Jan. 15, 1931.	\$45,000,000.00
Feb. 14, 1931	46	1160	Agricultural credits and rehabilitation, emergency relief: By the Interior annual act Feb. 14, 1931, the provisions of Public Resolution No. 112, Dec. 20, 1930, referred to in the preceding paragraph, were extended to cover purchase of feed for livestock other than "work stock" and an appropriation of \$20,000,000 was provided to aid in making advances or loans to individuals in drought and storm-stricken areas for the purpose of assisting in forming local agricultural-credit corporations, livestock loan companies, etc.	20,000,000.00
Jan. 31, 1931	46	1045	Relief to sufferers of Mississippi River flood in 1927. Action of Executive in directing issuance of Army supplies out of stock for use of Army and in directing payment for supplies and services approved.	
Feb. 6, 1931	46	1074	Studies of rural sanitation in drought-stricken areas by Public Health Service. The act provided a special appropriation of \$2,000,000 to be used in cooperation with States on account of existing human needs due to drought conditions.	2,000,000.00
Feb. 23, 1931	46	1276	Loans to farmers in storm and drought-stricken areas of the Southeastern States: To enable the Secretary of Agriculture for the crop of 1931, to make advances or loans to farmers in States of Alabama, North Carolina, South Carolina, Georgia, and Florida.	2,000,000.00
Do.....	46	1276	Flood relief, Georgia and South Carolina, for restoration of roads and bridges: Unexpended balances of appropriations contained in second deficiency act, July 3, 1930, to carry into effect provisions of acts of May 27, 1930, and June 2, 1930, continued available until June 30, 1932.	
Do.....	46	1276	Flood relief, Alabama, for restoration of roads and bridges: Unexpended balance of appropriation of \$1,660,000, contained in first deficiency act, Mar. 26, 1930, to carry into effect provisions of act of Mar. 12, 1930, extended until June 30, 1932.	
Feb. 26, 1931	46	1420	Relief of State of Alabama from responsibility and accountability for quartermaster and ordnance property, approximately \$1,098.29, property of War Department, lost or destroyed, in flood relief work incident to Elba, Alabama flood of March, 1929.	
Mar. 4, 1931	46	1563	Flood relief, Florida, for restoration of roads and bridges: As a complete contribution and reimbursement to State of Florida in aid from United States induced by serious financial loss to the State by floods.	80,307.00
June 29, 1932	47	373	Emergency relief, District of Columbia: For the purpose of affording relief to residents of the District of Columbia who are unemployed or otherwise in distress because of existing emergency, to be expended by board of public welfare.	350,000.00
July 7, 1932	47	635	Flood relief, Georgia and South Carolina, for restoration of roads and bridges: Unexpended balances of appropriations contained in the second deficiency act, July 3, 1930, to carry into effect the provisions of the acts of May 27, 1930 and June 2, 1930, continued available until June 30, 1933.	
Do.....	47	635	Flood relief, Alabama, for restoration of roads and bridges: Unexpended balance of appropriation contained in the first deficiency act, Mar. 26, 1930, continued available until June 30, 1933.	

Statement showing appropriations and relief legislation provided by Congress for the relief of sufferers caused by earthquakes, floods, fires, and other disasters during the fiscal years 1803 to 1931, inclusive—Continued

Date of act	Statute volume	Reference page	Purpose of relief	Amount appropriated
DOMESTIC—continued				
Mar. 7, 1932	47	61	Federal Farm Board: Distribution of Government-owned wheat to the American National Red Cross and other organizations for relief of distress. Public Resolution No. 12, Mar. 7, 1932, provided for the delivery to the American National Red Cross or other organizations of not in excess of 40,000,000 bushels of wheat of the Grain Stabilization Corporation for needy and distressed people of the United States and for feed for livestock in 1931 crop-failure areas. The corporation to be credited with an amount equal to current market value of wheat at time of delivery.	
July 5, 1932	47	605	Federal Farm Board: Distribution of Government-owned wheat and cotton to the American National Red Cross and other organizations for relief of distress. Public Resolution No. 33, July 5, 1932, provided for the delivery to the American National Red Cross and other organizations, on or after July 1, 1932, of 45,000,000 bushels of wheat of the Grain Stabilization Corporation and 500,000 bales of cotton of the Cotton Stabilization Corporation for use in providing food, cloth, and wearing apparel for the needy and distressed people, and in providing feed for livestock in the 1932 crop-failure areas, after the needs of human consumption have been taken care of. The resolution authorized the appropriation of such sums as may be necessary to carry out the provisions pertaining to the repayment of loans, carrying charges, interest payments, etc.	
July 22, 1932	47	741	Federal Farm Board: To carry into effect the provisions of Public Resolution No. 33 (see preceding paragraph) pertaining to the repayment of loans on account of distribution of Government-owned wheat and cotton, as provided for under subdivisions (a) and (c) of section 37, Public Resolution No. 33.	\$40,000,000.00
July 21, 1932	47	709	Relief of destitution: The Reconstruction Finance Corporation is authorized and empowered to make available out of funds of the corporation the sum of \$200,000,000 under terms and conditions set forth in the act, to the several States and Territories, to be used in furnishing relief and work relief to needy and distressed people and in relieving the hardships resulting from unemployment, but not more than 15 per cent of such sum shall be available to any one State or Territory. Amounts paid under this section of the act shall bear interest at the rate of 3 per cent per annum and shall be reimbursed to the corporation with interest by making annual deductions, beginning with the fiscal year 1935, from regular apportionments made from future Federal authorizations in aid of States and Territories for construction of highways and rural post roads as set forth in the act.	

NOTE.—This statement includes appropriations provided for loans to people suffering from hurricanes, drought, etc., and also as aids to agriculture. These loan funds are for the most part reimbursable to the Government. It does not include appropriations for relief through the prevention or control of plant and animal diseases, insect pests, etc., in certain sections of the United States, such as the chestnut-tree bark disease, foot-and-mouth disease, cotton boll weevil, Mediterranean fruit fly, etc., this type of relief being administered largely through the Department of Agriculture; nor for sanitation, quarantine, and other prevention and control of diseases of man through the Public Health Service of the Treasury Department; nor for many types of construction projects to aid in the relief of unemployment.

Attention is also invited to the following organizations which were either created, or the scope of their activities enlarged, by acts of Congress during the first session of the Seventy-second Congress as aids to financial, agricultural, and unemployment relief and rehabilitation: Reconstruction Finance Corporation, acts Jan. 22, 1932 (47 Stat. 5); Jan. 27, 1932 (47 Stat. 14), and July 21, 1932 (47 Stat. 709); Agricultural Credit Corporations, acts Mar. 3, 1932 (47 Stat. 60), and July 7, 1932 (47 Stat. 643); Federal Farm Loan Board, Federal Land Banks and Intermediate Credit Banks, acts Jan. 23, 1932 (47 Stat. 12), Feb. 2, 1932 (47 Stat. 36), and May 19, 1932 (47 Stat. 159); Federal Home Loan Banks, acts July 22, 1932 (47 Stat. 725), and July 22, 1932 (47 Stat. 741); Emergency Relief and Construction Act, Public No. 302, July 21, 1932 (47 Stat. 709-726).

The large amounts expended by the American Red Cross both at home and abroad from private contributions, of course, are not included.

(Thereupon, at 11.20 o'clock a. m., the committee adjourned subject to the call of the Chair.)

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